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ANALYSIS OF THE SELECTED COMPANY BY USING THE SELECTIVE METHODS

ANALÝZA VYBRANÉHO PODNIKATELSKÉHO SUBJEKTU POMOCÍ
VYBRANÝCH METOD

MASTER'S THESIS
DIPLOMOVÁ PRÁCE

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Pursuant to Act no. 111/1998 Coll. concerning universities as amended and pursuant to the BUT Study Rules, by the Director of the Institute, you have been assigned a Master's Thesis entitled:

Analysis of the Selected Company by Using the Selective Methods

Characteristics of the project issues:

Introduction
Target, methods and procedures of the diploma thesis
Theoretical background
Analysis of the contemporary situation
Own recommendations and solution proposals
Conclusion
List of literature

The objectives to be achieved:

Select methods of economic and strategic analysis to reflect the specificities of the company and its business.

Develop analysis. Results of these analysis used as background for recommendations and proposals which will improve the situation identified.

Literature on the topic:

GRASSEOVÁ, M. a kol. Analýza podniku v rukou manažera. 1. vyd. Brno: Computer Press, a.s., 2010. 325 s. ISBN 978-80-251-2621-9.

PAVELKOVÁ, D. Výkonnost podniku z pohledu finančního manažera. Praha: Linde, 2009. 333 s. ISBN 98-80-86131-85-6.

PETŘÍK, T. Ekonomické a finanční řízení firmy - manažerské účetnictví v praxi. 1. vyd. Praha: Grada Publishing, 2005. 137 s. ISBN 80-247-1046-3.

PORTER, Michael E. Competitive Strategy (Orig.): Konkurenční strategie: Metody pro analýzu odvětví a konkurentů. New York: Free Press, 1980.

RŮČKOVÁ, P. Finanční analýza – metody, ukazatele, využití v praxi. Praha: Grada, 2007. 120 s. ISBN 978-80-247-1386-1.

SYNEK, M. Manažerské výpočty a ekonomická analýza. Praha : C.H.Beck, 2009. 301 s. ISBN 978-80-7400-154-3.

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In Brno, 31. 3. 2017



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Dean

Abstract

The diploma thesis focuses on the analysis of the selected business subject. Based on the analyses using analytical methods of the external and internal environment of the company, the overall situation of the company has been evaluated. At the end of the paper there are presented suggestions and recommendations for improving the current situation.

Abstrakt

Diplomová práce je zaměřena na analýzu vybraného podnikatelského subjektu. Na základě zkoumaných analytických metod vnějšího a vnitřního prostředí podniku je zhodnocena celková situace podniku. V závěru práce jsou uvedeny návrhy a doporučení na zlepšení stávající situace.

Key Words

Business analysis, PESTLE analysis, Porter's Five Forces, Kralicek Quick test, Marketing mix, SWOT analysis.

Klíčová slova

Analýza podniku, PESTLE analýza, Porterův model pěti sil, Kralicek Quick test, Marketingový mix, SWOT analýza.

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Statutory declaration

I declare that this Master's Thesis is original and I processed it independently. I declare that the citation of used sources is complete, and that I did not infringe the copyright (as defined in the Act No 121/2000 Coll. on Copyright and Rights Related to Copyright).

In Brno 2017

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Bc. Daniel Mačto

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INTRODUCTION

The end of the 20th century and the beginning of the 21st century have been typical for globalization that has brought changes in lifestyle, including eating habits. The classic way of eating when the main food of the day was a warm lunch has started to disappear. Lunch is becoming a light lunch meal closest to "Lunch". Warm evening meals are often replaced by specialty meals. So-called "take aways", whether they are pizzerias, Chinese restaurants, Indian restaurants, McDonald's, KFC or baguetterias. These places provide warm meals throughout the day, mostly in the form of "take away". The menu also fulfils requirements for own foods, where the proportion of fresh vegetables is growing and this tendency is respected in all recipes, including "take aways". In the Czech Republic, this form of meals is being promoted slowly, but the market is starting to saturate, new subjects are penetrating with difficulties and the existing chains are trying to at least partially capture the specifics of eating habits of the Czech population. Due to globalization, there have emerged dominant global chains on the market, whose identical offer with minor variations can be found around the world. (McDonald's, KFC) In the Czech Republic, these facilities are mostly located in large shopping centres or in other locations where there is a larger daily concentration of the people. For example, large railway stations, Prague Airport, large bus stations, petrol stations along highways, big city centres, etc. Nevertheless, new entities with other business strategies with different offers (Mol - pump) are emerging on the market. The market is changing and adapting to the needs of the customer. The large and well-known chains deal with the traditional attitudes of Czech customers and after a very slow start, they have saturated the market, thus, it is very difficult to find the city with a population up to 100,000 inhabitants today where there is no McDonald's.

I worked in such facility myself, and therefore, I welcomed the opportunity to process the analysis of such place as a topic of my master's thesis. I have chosen to analyse through various external and internal methods because that provides a comprehensive view of the company and, through external analyses, reveals the determinations and opportunities that arise from the business sector and its peculiarities and company's market position, also in terms of how well it can use its potential in these identified conditions.

TARGET, METHODS AND PROCEDURES OF THE DIPLOMA THESIS

Objectives to be achieved:

To select methods of economic a strategic analysis to reflect the specificities of the company and its business.

To develop analyses. To use the results of these analyses as background for recommendations and proposals, this will improve the situation identified.

Processing methods

In the thesis, i will use methods general and special, among the general methods i will use are:

Analysis, Synthesis, Analogy, Deduction, Comparison, and Modeling. I will have included external analyses methods, SLEPTE, Porter, or Marketing Mix 7P. The Kralicek Quick Test will be used for internal analysis and a SWOT analysis will be prepared.

Processing Procedure

After broadening the knowledge from the analytical methods, I will get acquainted with the selected company and its business. Individual analyses will then be carried out to make a brief summary of each analysis. A SWOT analyses will be done as the conclusion of all analyses, and the existing SWOT strategy of the company will be found out. The identified strengths and weaknesses, opportunities and threats will provide basis for recommendations and suggestions in order to take action. Thus, the objective of this work will be accomplished.

Justification for the choice of methods

Because analyses of the business environment represent stable factors that are hardly affected by the company, it was necessary to focus on internal analyses.

1 THEORETICAL BACKGROUND

1.1 Basic concepts

Business and Trades

In the Commercial Code, valid until 31 December, 2013, business is defined in § 2 as follows: "*Entrepreneurship is a systematic activity carried out independently by the entrepreneur in his own name and on his own responsibility for the purpose of achieving profit*". [1, pg 7]

In Section of § 2 of the Trades Licensing Act, we find the definition of trades: "*Trade is a systematic activity operated independently, on the entrepreneur's own behalf and own responsibility, in order to achieve profit*." [2, pg 20]

For an entirely correct understanding, it is necessary to introduce the explanation of the partial terms used in the definitions:

- Consistency - means that the activity must be performed regularly and repeatedly, not occasionally;
- Independence - if the entrepreneur is a natural person, he acts personally, may that be a legal person, it is through the statutory body;
- Own name - the entrepreneur is a natural person who performs legal actions under his / her first name and surname, legal entity under his / her name (business company);
- Own responsibility - the entrepreneur (natural and legal person) carries all the risk for the results of his / her own activities;
- Achievement of profit - business activity must be carried out with the intention of achieving profit (although it does not always have to be achieved). [2, pg 20]

Entrepreneur

The entrepreneur is perceived by economists, psychologists, businessmen and politicians differently. If we say the word “entrepreneur”, we need to make clear which language we speak in. Whether we speak, for example, in the language of legal matters or the language of economists.

Definition of the term entrepreneur in the Commercial Code

According to the Commercial Code (§ 2, paragraph 2) the entrepreneur is:

- A person registered in the Commercial Register;
- A person who does business on the basis of a trade license;
- A person who does business on a basis other than a trade license under special regulations;
- A person who performs agricultural production and is registered under a special regulation.

According to the Commercial Code, valid until December 31, 2013, the entrepreneur is both a natural person and a legal entity. These include, for example, a public company, a cooperative, a limited liability company, a joint-stock company and others. [2, pg 30]

Individual levels of a managerial decision

"Managerial decisions are present at all levels of the business and their scope is considerable. From the usual time perspective, it is similar to planning as follows:

- *Long-term or strategic decisions,*
- *Tactical decisions,*
- *Operating or short-term decisions.*" [3, pg 121]

The definition of managerial decision making can be in the following form:

"Decision-making itself can be defined as choosing the most appropriate choices from many of the alternatives offered and explored that relate to an uncertain future and are looking for effective corporate goals." [3, pg 122]

Enterprise

Pursuant to the Commercial Code, valid until December 31, 2013, an enterprise was defined in § 5 as follows: *"For the purposes of this Act, an enterprise is defined as a set of tangible, as well as a personal and intangible part of business. The enterprise includes the property, the rights and other property values belonging to the entrepreneur; and they are used for the operation of an enterprise, or because of their nature they should serve this purpose."* [1]

Since January 1, 2014, the Commercial Code has been superseded by the Law on Commercial Corporations. The law defines business corporations in § 1 as: *"Business corporations are commercial companies (hereinafter referred to as "the company") and cooperatives. The companies are a public limited company and a limited partnership (hereinafter referred to as "the trading company"), a limited liability company and a joint stock company (hereinafter referred to as "the capital company") and a European company and a European economic interest group. Cooperatives are a cooperative and a European cooperative society."* [4, pg 20]

Types of companies

Joint stock company

The joint stock company is regulated by § 243 - § 551.

§ 243 *"(1) A joint-stock company is a company whose registered capital is divided into a number of shares.*

(2) The company contains the designation "joint stock company", which may be replaced by „Limited company” or „Ltd’.

§ 246 (1) The registered capital is expressed in Czech crowns. In the event that a public limited liability company maintains accounting in euro in accordance with a special law, it may express its share capital in euro.

(2) The share capital of a public limited company is at least CZK 2,000,000 or EUR 80,000.

§ 250 (1) The establishment of a company requires the adoption of statutes. The one who accepted the statutes and participates in the subscription of shares is the founder.

§ 256 (1) A stock is a security or book-entry security to which the rights of a shareholder are associated as a shareholder to participate under this Act and the Company's Articles of Association on its management, its profits and the liquidation balance upon its dissolution with liquidation.

§ 396 (1) The system of the company's internal structure, in which the Board of Directors and the Supervisory Board are established, is a dual system.

(2) The system of the company's internal structure, in which the Board of Directors and the Statutory Director are established, is a monistic system.

(3) When in doubt, a dualistic system is chosen.

§ 398 (1) Shareholders exercise their right to participate in the management of the Company at or outside the General Meeting.

§ 549 (1) The right to a share in the liquidation balance is separately transferable from the date when the Company entered into liquidation unless the Articles of Association determine otherwise.

(2) In the event that the liquidation balance is insufficient to cover the nominal value of the shares, it shall be divided into the part attributable to the owners of the priority shares and the part attributable to the owners of the other shares to the extent specified in the statutes; If there multiple types of shares, the benefit of which relates to the liquidation

balance, the liquidation balance shall also be divided into the part attributable to the owners of those shares.

(3) Parts of the liquidation balance are shared among the shareholders in proportion to the paid-up nominal value of their shares. " [4, pg 22 -36]

Limited company

It is regulated by § 132 - § 242.

§132 (1) A limited liability company is a company whose debts are jointly and severally liable by the shareholders for the amount in which they failed to comply with the deposit obligation by the status registered in the Commercial Register at the time when they were called upon to pay the creditor.

(2) The company contains the designation "Limited Liability Company" which may be replaced by the abbreviation "LLC ".

§133 The share of the shareholder in a limited liability company is determined by the ratio of his contribution to that share attributable to the amount of the share capital, unless the social contract determines otherwise.

§143 (1) The minimum deposit is 1 CZK, unless the social contract determines that the deposit is higher.

§167 (1) The shareholders exercise their right to participate in the management of the company at or outside the General Meeting." [4, pg 88-98]

Public company

It is regulated by § 95 - § 117.

§ 95 "(1) A public company is a company of at least two persons involved in its business or management of its assets and is liable for its debts jointly and severally.

(2) In the case where a partner is a legal person, the social rights and duties of the agent are exercised by the authorized agent, who may be only a natural person.

(3) The acquirer can not be the one whose property has been declared bankrupt in the last 3 years, or the petition for the opening of the insolvency proceedings was dismissed for lack of property, or the bankruptcy was canceled because its assets were totally inadequate; Whoever breaks the ban will not become a member even if the company is created.

§ 96 The firm contains the designation "public company", which may be replaced by the term "plc". If the firm contains the name of at least one of the partners, the designation is "and co."

§ 105 Decisions in all matters of the company require the consent of all the partners, unless the social contract determines otherwise.

§ 112 (1) Profits and losses are shared equally among the partners. " [4, pg 56-61]

Limited partnership

It is regulated by § 118 - § 131.

§ 118 "(1) A limited partnership is a company in which at least one partner is limited to its debts (hereinafter referred to as "the comanditist") and at least one partner unlimitedly (hereinafter referred to as "the complementary").

(2) The company contains the term "limited partnership", which can be replaced by the abbreviation "LP". Comanditist, whose name is listed in the company, is responsible for the company's debts as a complementary is.

§ 120 (1) Shares of limited partnerships are determined by the proportion of their deposits.

§ 122 For the debts of the company, comanditist and other partners are jointly and severally liable for the amount of their unpaid deposit according to the state of registration in the Commercial Register.

§ 125 (1) The statutory body of the company is all members of the board who meet the requirements set out in § 46.

§ 126 (1) Profits and losses are shared between the company and the complementary. If the social contract does not stipulate another division, the profits and the losses between the company and the complementary parties are divided in half." [4, pg 20-22]

Cooperative

It is regulated by § 552 - § 773.

§ 552 "(1) A cooperative is a community of uncommitted number of people established for the purpose of mutual support of its members or third parties, possibly for the purpose of doing business.

(2) The cooperative has at least 3 members.

(3) The company contains the designation "cooperative"

§ 555 (1) The constituent meeting of the cooperative (hereinafter referred to as "the constituent meeting"), in addition to the adoption of the Articles of Association, the members of the cooperative bodies shall be elected and the method of fulfillment of the basic membership deposit or entry fee shall be approved.

§ 563 (1) Each member contributes to the basic capital of the cooperative by a basic membership fee.

§ 564 (2) The amount of the basic membership fee is the same for all members of the cooperative.

§ 629 The bodies of the cooperative are: a) a Member Meeting, b) a Board of Directors, c) a Control Committee, d) other bodies established by the statutes." [4, pg 76-98]

Definition of the term Fast Food

Nowadays, the definition of fast food is very diverse. The easiest and most used translation is "fast food". This is in the form of a kind of public catering where quick selection, sale and subsequent consumption of food are taking place. The diner can eat fast on his way, for example in a car or while standing, and often does not have to interrupt what he was doing before consuming the food.

In the Merriam-Webster dictionary, we can find the first definition of fast food words from 1951, which states: "Food which is quickly prepared and served" and is "readily available or ready for consumption with little emphasis on quality" or "Not very expensive food that is very quickly prepared and served " [5, pg 268]

The words "Fast Food" are also closely related to "Junk Food". These are mainly foods that contain a lot of fat, salt, sugar, and a small amount of fiber, minerals, vitamins and other beneficial substances. In other words, this type of food will give us just enough calories, but nothing useful.

Fast food is also an expression for a fast food restaurant, I mean the restaurant (QSR - quick service restaurant), where such food can be obtained. Most of these are meals with limited offer and a certain type of preparation. People see food here on pictures and illuminated boards. You will pay for the food in advance, and you will receive it in a few seconds. You can choose whether to eat at the restaurant or take it away. [5, pg 275]

If we take a look in the New Words in Czech - Dictionary Neologisms 2, we can find there three explanations of the word fast food: 1) fast food, 2) a fast food shop, 3) a company or company that is focused on production of fast food. A variant of fast food is a noun fastfood. The right adjectives that mean "fast-food" are two: fast food, and fast-food adapted in Czech [6, pg 38]

To summarise, so quickly, cheaply and comfortably, it can be called modern fast food.

Before that, people used to know fastfood dishes such as a hot dog, French fries with a plastic fork, sausage on a tray with mustard and bread. Nowadays, fast-food chains from abroad have already grown in our country, and there is not much room left for our "old-style fast foods". [6, pg 42]

Definition of the term Franchising

So far, there is no uniform definition of franchising for different forms of franchising systems in individual countries. There is a different legislation in each country. In general, however, the franchisor grants rights to operate under his own name, including passing on his know-how and goodwill to new franchisees.

Definition of franchising according to the European franchise code of ethics issued by the European franchise federation is as follows:

"Franchising is a sales system through which goods and / or services and / or technology are marketed. It is based on the close and continuous cooperation of legally and financially independent and independent businesses, the franchisor and his franchisees. The franchisor guarantees his franchisees the right and at the same time imposes on them the obligation to conduct business in accordance with his concept. This franchisee is entitled and undertakes to use, for direct or indirect payment, the name of the franchisor's company and / or its trademark and / or service mark and / or other industrial and / or intellectual property rights as well as know-how, economic and technical methods and Procedural system, within and for the duration of the written franchise contract concluded for this purpose between the parties and for the permanent business and technical support of the franchisor." [7, pg 16]

- **Know-how** is a set of unpatented information for a particular activity that is a product of the franchisor. Knowledge is verified, secret, and essential.
- **Secret** means that know-how is not widely known and not at all publicly available. Such know-how is developed by each company individually based on their own needs.
- **Essential** means that the know-how contains such information which is necessary for the proper management and operation of the franchisee [7, pg 22]

Mendelsohn and Acheson [8, pg 11] The definition of the European franchise federation coincides with and defines the system, such as franchisor franchisee licensing, where the license includes the necessary information for the unskilled person to be introduced in the business which is included in the franchise agreement.

The franchise provider should choose such franchisees who have experience in the field. In my opinion, the one who knows something about the field will reach a faster growth of the business. In practice, it is not common for the franchisor to give his own rights and know-how to someone who is unfamiliar with the problematics. The franchisor will properly examine his prospective recipient of the contract and find out if he is really interested in the concept and is familiar with the formalities of this form of business. Mendelsohn and Acheson apparently wanted to say that the knowledge passed should be of such nature that even a person outside the business sphere can successfully run a business. Such perfect information is then paid with gold.

Mendelsohn and Acheson goes on to say that business terms and conditions include the overall concept of business, but also ongoing assistance and leadership, which is certainly a great asset when a businessman has a helping hand available whenever he needs it, but there seems to be small or none decision-making right.

Simply put, franchising is a widespread form of business within the vertical management of small and medium-sized businesses. The franchisor thinks it up once, and franchisees will use it several times. It is a very effective way of doing business, which has the advantages and disadvantages for both the business owner and the recipient. Nevertheless, this business system is becoming more and more popular, especially due to a good position among competitors. [8, pg 26]

The terms of franchising

In order to comprehend the topic correctly, it is desirable to understand the concepts related to the topic. I am referring to terms that are not specified in the text [9, pg 30]

- *„**Franchisor** - Provider of his business idea, provider of the franchise.*
- ***Franchisee** - The legal or natural person who is the beneficiary of the franchise. The franchisee works on his own and bears the risk of doing business.*
- ***Franchise-licence** - A contract governing the basic relationship between the franchisor and the franchisee.*

- **Franchising network** - all franchise and own affiliates created within a franchise system.
- **Franchise concept of business** - Formalized and in the form of a franchise package processed business plan.
- **Master franchising** - Franchising beyond the territory of the state, operated internationally.
- **Master - licence** - a contract under which the franchisor grants the franchisee (hereinafter referred to as “the Master Franchisee”) the exclusive right to use his franchise package for business purposes in the territory. The Master Franchisee undertakes to build a franchise network in the Czech Republic at the specified time and according to the agreed conditions. The Master Franchisee pays the costs of network development in the Czech Republic, but also draws on the recruitment of new franchisees. In exchange, the Master Franchisee is required to pay to the franchisor the contractually set fees. For delay in creating a franchise network in the Czech Republic, the Master Franchisee may be subject to a contractual fine.
- **Franchise business systems** - Branches operating in these networks are the sales points of certain goods, the supplier of which is usually the franchisor. Goods are sold at the point of sale to end customers by the franchisee or his staff. The point of sale is marked with franchisor’s symbols and is equipped according to his requirements.
- **Franchise Systems Services** - The franchisee, when providing services, uses know-how, business name, trademark, and other trade names and licensees. Operates in the territory or place specified by the contract (franchise branch).”

[9, pg 32 - 35]

1.2 Economic analysis

The economic analysis expresses *"the observation of a particular economic entity (phenomenon, process), its decomposition into sub-components, and their more detailed examination and evaluation in order to determine the ways in which they can be improved and re-engineered into a modified whole, in order to improve its performance."* [10, pg 152]

The economic environment is constantly changing and, along with these changes, with almost no exception, the businesses that are part of this environment are changing as well. A successful company cannot do without an analysis of the financial and economic situation of the company.

[11, pg 20]

One of the key aspects that have a significant impact on business performance is the external environment. GDP growth, drop in interest rates, growth in household consumption, unemployment rate and many others. These factors have a major impact on the performance of each business. [12, pg 238]

It is necessary for the company to develop the plan to clarify its objectives, strategies, potential development of the internal and external environment. The following methods can be used:

- SWOT analysis,
- Porter's Five Forces model
- SLEPTE analysis of the macroeconomic environment,
- Benchmarking,
- Macroeconomic environment analysis. [12, pg 26]

1.3 Business environment analysis

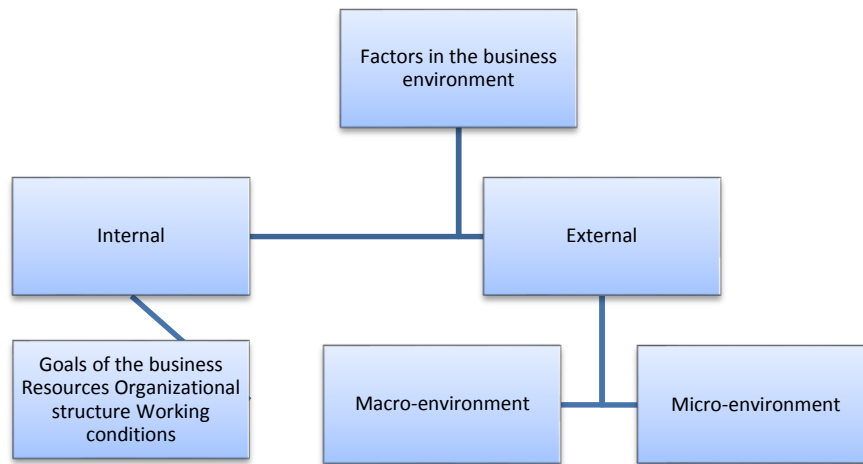
Business surroundings

As surroundings, we consider everything outside the business as an organization. Each business (company) is an open system, a unit that has relationships with the environment in which it is located. The company's results depend to a large extent on external factors that act as opportunities and threats. A good knowledge of the business environment is important for:

- Understanding relationships with the environment,
- Ability to adapt to the environment,
- Use of opportunities to influence the environment.

The business environment can be divided into internal and external, where the internal is connected with the forces that act on the inner part of the enterprise. The surrounding area includes macro-environment and micro-environment.

Macro-environment includes factors that affect the enterprise, but the business cannot influence them. Very often, these factors have a decisive influence on the company. They are factors that act independently. Micro-environment are factors that the company can influence in a certain way. [13, pg 3]

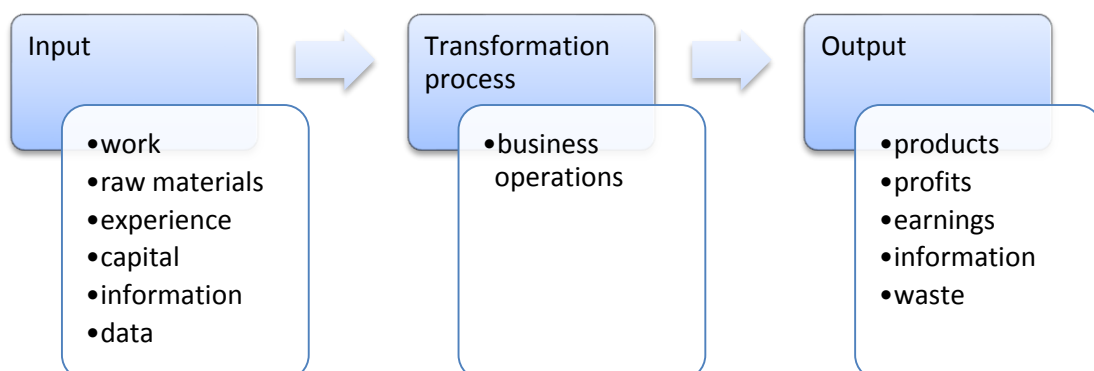


Picture 1: Enterprise environment factors (own scheme) [13, pg 4]

An analysis of an enterprise’s internal environment should be targeted at the strengths and weaknesses of the business in relation to competition. Therefore, key business variables need to be identified, i.e. those whose smooth functioning depends on the ability of the business to meet the challenges of the environment.

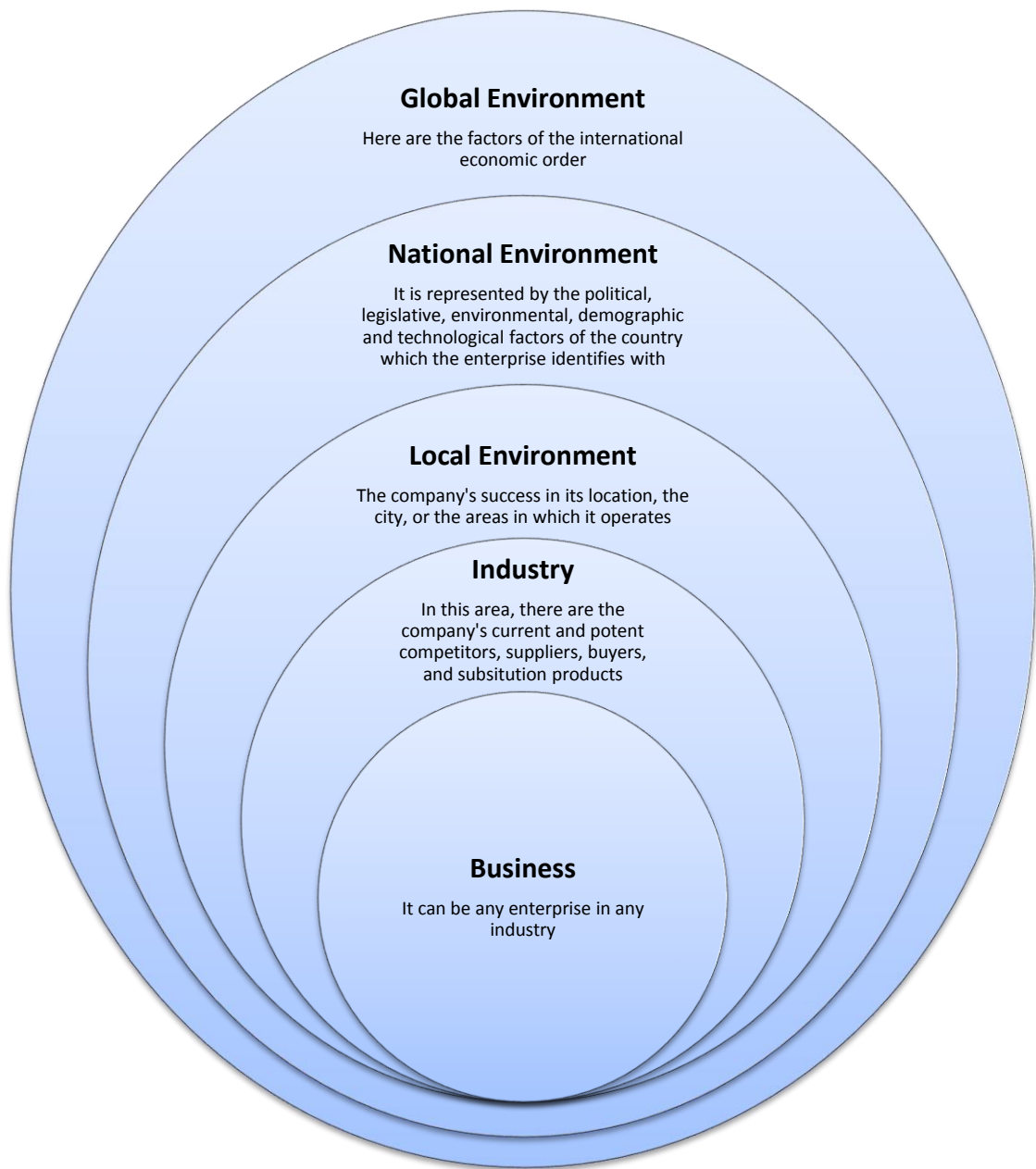
External factors are reflected in internal functions (such as marketing, personnel, manufacturing, financial, research and development, management, etc.), possible goals and strategies.

The internal environment of the enterprise can be characterized



Picture 2: Internal business environment (own scheme) [14, pg 4]

The external business environment includes several factors that can be seen in the following picture:



Picture 3: A complete view of the business environment (own scheme) [14, pg 7]

1.4 SLEPTE analysis

We may encounter several ways of marking this analysis. In some literature we find an abbreviation such as PEST in another SLEPTE, STEP, STEEP, they do not differ significantly, only the individual factors are differently compounded or some are omitted. [15, pg 299]

For the company Bageterie Boulevard, social factors are the most important, therefore, I decided to choose the SLEPTE analysis that describes them.

SLEPTE analysis examines the relationships between a business and social, legal, economic, political, technological and environmental factors. [16, pg 13]

Social factors

This area includes demographic data (population size, age structure, geographical distribution, job preferences, ethnic distribution, etc.), socio-cultural aspects (lifestyle level, gender equality etc.), macroeconomic characteristics of the labor market (income distribution, unemployment rate, etc.) or availability of workforce (such as availability of staff, existence of educational institutions and many others). [17, pg 179]

The list of the main social factors is as follows:

- Demographic evolution of the population
- Degree of education
- Attitude to work and leisure
- Mobility
- Lifestyle [18, pg 50]

Legislative factors

Among the legislative factors we can list the existence and functionality of legal standards (business law, tax laws, deregulation, various legislative restrictions - distribution and environmental measures, legal regulation of working conditions and many others).

[19, pg 180]

Economic factors

Economic factors stem from the macroeconomic situation and are characterized by the current state of the economy. This affects the ability of companies to gain the appropriate performance. Economic growth has an immediate impact on the threats and opportunities that exist in existing businesses. Four best-known macroeconomic indicators are:

- The rate of economic growth (GDP),
- Inflation rate,
- Exchange rate,
- Interest rate. [20, pg 20]

Political factors

Political factors include the assessment of stability (government form and stability, key authorities and authorities, existence and influence of political figures, political party in power, etc.), political attitude (attitude towards private and foreign investment, relationship to state industry, the private sector, etc.), the political influence of different groups or the evaluation of external relations (foreign conflicts, regional instability, etc.).

Technological factors

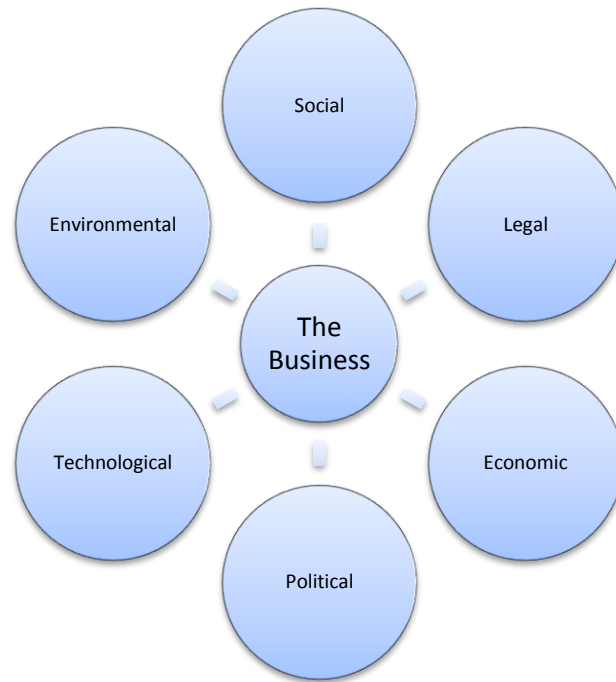
Technological factors include, for example, governmental support for research, total research spendings, new discoveries and inventions, the speed of implementation of new technologies or moral obsolescence, new technological activities or general technological levels.

Ecological factors

Here we include natural and climatic impacts, legislative constraints linked to environmental protection or global environmental threats (ozone depletion, continuous use of non-renewable energy sources, global warming, other climate changes or increased greenhouse gas emissions).

[19, pg 180]

A graphical representation of the impact on SLEPTE analysis:



Picture 4: SLEPTE analysis (own scheme) [16, pg 13]

1.5 Porter's Model of Five Competitive Forces

"The method combines five factors that have a major impact on industry and society. On this basis, it is possible to determine the risks arising from business in the sector and the position of the undertaking in the market ". [21, pg 20]

The threat of strong rivalry

The industry is not attractive if there are already too many strong competitors in it. Rivalry in the sector is increasing when there is a situation where the sector stagnates or diminishes, as companies can only gain a higher market share to the detriment of competitors. Another important factor in rivalry in the industry are high fixed costs, as companies are under strong pressure to keep capacity on a permanent pressure even if they are to reduce prices. Such situations can then lead to price wars. It is very important to answer the question: *How can we improve our position towards our competitors?* [19, pg 192]

Threat of entry of new competitors

The threat of new competitors is directly proportional to the attractiveness of the industry. This is particularly due to high margins, low levels of competition, insufficient demand and relatively low barriers to entry. The analysis should focus on a continuous assessment of the risks that may arise from the entry of new competitors. Further, define the probability with which a new entrant can enter the market. [21, pg 24]

We have to answer the question: *How can we increase barriers to entry?* [19, pg 192]

There is also a consideration of creating barriers to entry for new competitors. They may be as follows:

- Volume of production and experience,
- Access to distribution channels,
- Legislative restrictions or support,
- Differentiation. [21, pg 25]

Threat of substitutes

Substitutes are similar products that mostly serve similar or almost identical purposes to products in the industry. This industry becomes unattractive in a situation where there is a real or potential threat of substitutability of the product. The substitutes limit potential prices and market gains. The company then focuses on monitoring ongoing price developments in substitutes. In a situation where technologies for substitution products are improved, prices and profits will fall dramatically. Again, it is very good to answer the question: *How can we reduce the threat of substitutes?* [19, pg 192]

Negotiating power of suppliers

We regard suppliers as all entities that the enterprise under investigation supplies with material, semi-products, goods, but also services that are necessary to meet customer needs and to ensure a smooth running of the business. The higher supplier's negotiating power and hence the ability to dictate conditions is often given under the following conditions:

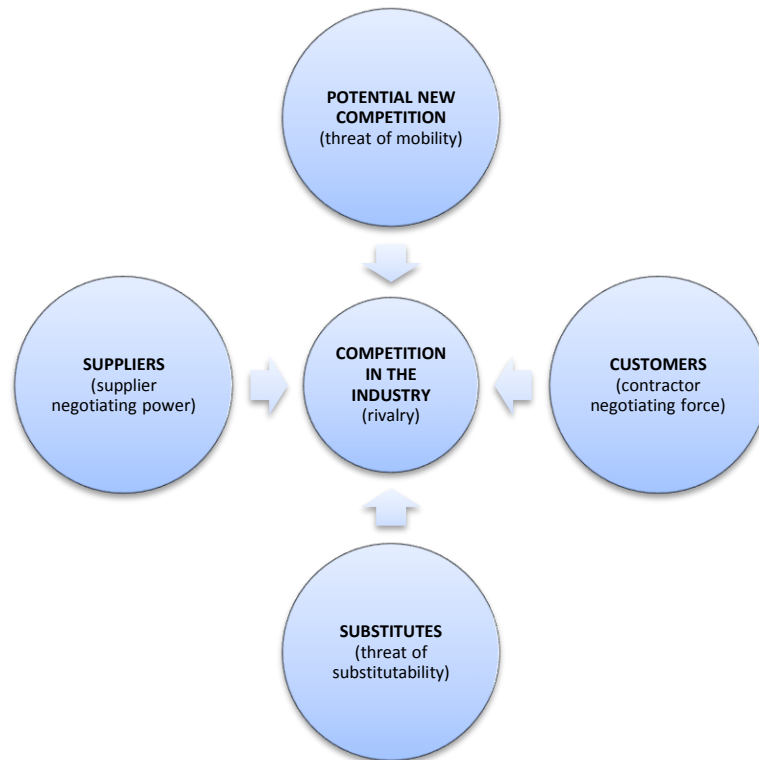
- Monopoly power is on the suppliers' side, their narrow number and high degree of concentration,
- High costs of switching to another supplier or use of substitution products,
- The ability of suppliers to shorten their distribution route to the final customer by omitting the intermediary, so-called forward vertical integration,
- A highly specialized product that is not easy to replace on the market. [21, pg 20]

Negotiating power of customers

The bargaining power of the buyers is strong if they are concentrated, organized, there are substitute products, if the price of the products we take from them means only a small percentage of their total purchases and for us is a significant item of total sales. Practical example - market (sector) with fruit juices:

- Competition within the industry - individual brands of juices,
- New competitors - a new producer of juices,
- Substitute competition - other non-alcoholic beverages,
- Supplier competition - farmers, importers from abroad,

➤ Customer competition – hypermarkets [22, pg 39]

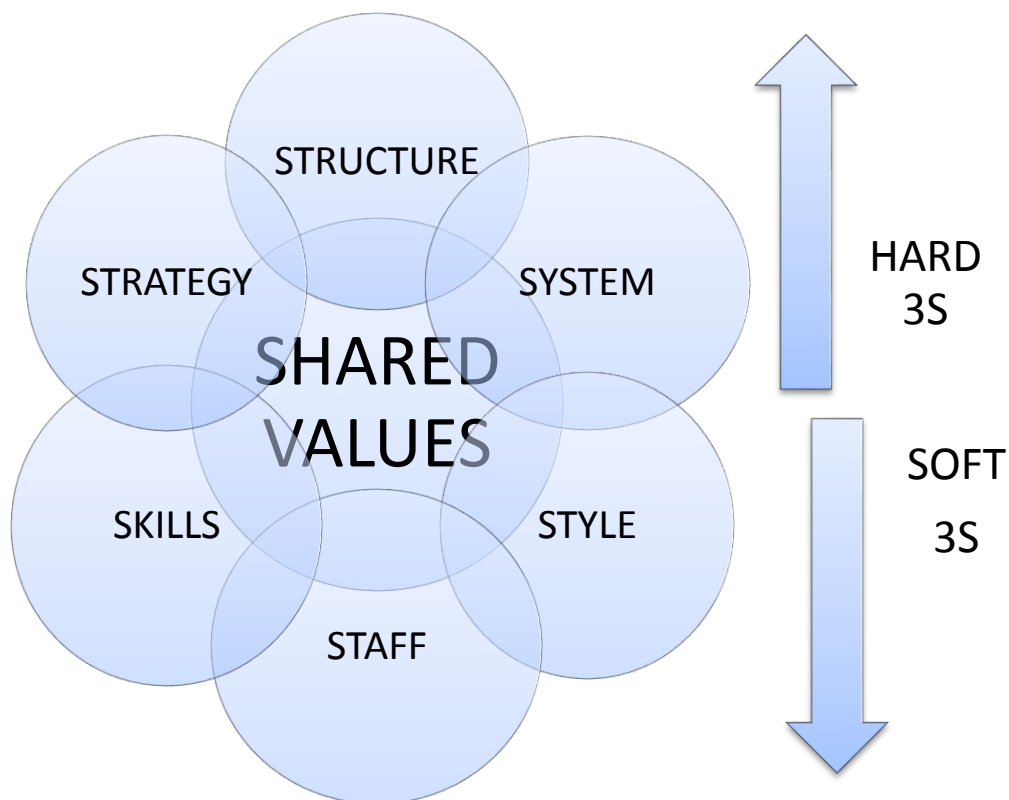


Picture 5: Five forces formulating the structural attractiveness of the industry (own scheme) [23, pg 4]

1.6 McKinsey's "7S" Internal Environment Analysis

The method originated in the 1970s, when McKinsey's consultants tried to understand all the complexities associated with changes in the organization.

The title is based on the English name of each value (Strategy, Structure, Systems, Style, Staff, Skills, Shared value). It is essential to work with all seven factors, since the factors are interconnected. If one factor fails, the chain reaction starts and the other factors fail. Each factor has a different meaning and a different importance that varies with time, and it is impossible to say exactly how it will evolve in the future. For this reason, it is of utmost importance to examine them individually. [24, pg 73]



Picture 6: McKinsey's Model 7S (own scheme) [24, pg 74]

In the above image we can see how the factors are divided into 3 hard and 4 soft. The three factors we describe as "hard 3S" are: strategy, structure and system.

Strategy - formulates the ways the company achieves its visions, expresses how it uses strong and weak points and responds to opportunities and threats in the given business field for the purpose of meeting the stated goals. The strategy outlines the direction in

which the organization has to pursue its objectives and specifies what action needs to be taken to achieve the objectives. A strategy is a set of intertwined steps that make the business more profitable. [19, pg 112]

Structure - we understand it as the content and function of organizational division (superiority, subordination, business unit relationships, expertise, control mechanisms, shared information) throughout the model. There is a network structure here that facilitates the way it works. [19, pg 112]

Systems - these are both formal and informal tools that serve the company. These include, for example, the following systems: management, information, communication, transport, control, innovation, resource allocation planning, performance measurement, remuneration and many others. Systems are considered to be the day-to-day practices and activities of workers during their work. [25, pg 41]

The other four factors are called "soft 4S":

Staff - People who are essential to the business are included in this folder. These human resources in the organization include their interrelationships, development, motivation, training, evaluation, behavior towards the company and others. From a general point of view, it is more about the know-how that a group in the organisation possesses, not individuals.

[19, p. 113]

Skills - Under this point is the idea of professional knowledge and the ability to manage the company. It is not possible to take only the sum of qualifications of individual workers, we must also take into account the synergy effects. [24, pg 75]

Style - Expresses the management and dealing with emerging management problems. Style in the organization formulates the styles of leadership. An example may be the ability to communicate between supervisors and subordinates, decision-making styles, and so on. Organizations differ in selected leadership styles according to their own specifications. We need to recognise that there are many differences between formal and informal management in organizations, and that there is a difference between what is written and what management actually does. [24, pg 75]

Shared values - Express the culture in the enterprise. They show the basic experience, practices and ideas that employees respect. The organization's own vision is directly related to the creation of these values, it is a key factor in creating other values. The most important goal is to be aware of everything inside the business and what the company wants to achieve. [24, pg 76]

1.7 Kralicek Quick test

Kralicek Quicktest is one of the credit rating models of a company that tries to evaluate the company's creditworthiness. On the other hand, there are so-called bankruptcy models, which try to predict the probability of bankruptcy of the company. It is a method of diagnosis designed to evaluate the situation in which the enterprise is located by one coefficient (synthetic indicator) according to the values of the selected indicators, which describe the different aspects of the evaluation. Unlike bankruptcy models, credits are based mainly on theoretical knowledge. Results are then compared with a larger number of similar subjects or industry averages. [27, pg 110]

This test was designed in 1990 by P. Kralicek. Its advantage is that it can quickly and efficiently evaluate the company under investigation. It is designed so that the used indicators are not subject to unwanted influences and at the same time incorporate as much information as possible from the financial statements. Therefore, the test consists of 4 indicators, which carry information on the four main areas of financial analysis - stability, liquidity, profitability and economic result.

The first of the indicators examined is the equity quota , expressed in the following formula:

$$\text{Equity Quota (Coefficient of Self – Financing)} = \frac{\text{Equity}}{\text{Total Assets}}$$

[26, pg100]

This indicator shows the share of equity in the total assets of the company. On the first look there is the total debt of the company. At the same time, this indicator demonstrates total autonomy and ability to hide its needs from its own resources. At the same time, it can highlight a high proportion of own resources that reduces their profitability, as no financial leverage is used. As the well-known golden balance rule of funding says, it is not effective to have everything covered from own resources. [27, pg 125]

The second indicator deals with the repayment of liabilities from the cash flow of an enterprise:

$$\text{Debt Repay. Period from CF} = \frac{\text{Foreign Drought} - \text{Money} - \text{Bank Accounts}}{\text{Operating Cash Flow}}$$

[26, p. 100]

It expresses the time period for which an enterprise would be able to repay its liabilities from the current cash flow. [27, pg 125]

Another indicator is the ROA. It is the profitability of the total capital, which expresses how the funds are invested in the company. In other words, it shows how many pennies each crown will bring us into the business with the current profit.

$$\text{Total Return on Equity (ROA)} = \frac{\text{EBIT}}{\text{Total Assets}}$$

[26, pg 100]

The last indicator is the cash flow of operating income, which shows how much the revenue share of the company's cash flow is:

$$\text{Cash Flow of Operating Income} = \frac{\text{Operating Cash Flow}}{\text{Operating Income}}$$

[26, pg 100]

The first two indicators inform us of solvency and their reciprocal value reflects the solvency level of the underlying firm. Two other indicators then examine the return on business. According to the following table, point values are then assigned to individual indicator values. [26, ppg. 125]

Items	0 point	1 point	2 points	3 points	4 points
Debt repayment term of CF	<0	0 – 0.1	0.1 – 0.2	0.2 – 0.3	>0.3
Quota of equity	<3	3 - 5	5 - 12	12 - 30	>30
Return on total capital	<0	0 – 0.08	0.08 – 0.12	0.12 – 0.15	>0.15
Cash flow in% of revenue	<0	0 – 0.05	0.05 – 0.08	0.08 – 0.1	>0.1

Table 1: Evaluation of Kralicek’s Quicktest (own scheme) [28, pg 81]

The results of Kralicek’s Quicktest are then evaluated in three steps. First, the financial stability (financial stability assessment = (point value of the equity quota + point value of the time of repayment of the debt from the cash flow) / 2) is evaluated, then the yield situation is assessed (income statement = (cash flow in% of revenue) / 2) and finally the result is evaluated as a whole. (Assessment of the overall situation = (assessment of financial stability + assessment of the yield situation) / 2) [28, pg 81]

Scoring by point scale is then as follows. If the score falls above level 3, they present a business that can be called creditworthy. Values ranging from 1-3 to the company moving in the so-called gray zone. If the test result is less than 1, it is a sign that the company has financial difficulties. [28, pg 81]

1.8 Marketing

We can not find a uniform definition of marketing; marketing is perceived by many authors from different perspectives. Let's introduce some of them. [29, pg 5]

- *"Marketing is a social process in which individuals and groups acquire what they want and need, through the creation, supply and exchange of value products with others. (Kotler, 2001)*
- *Marketing is a management process that identifies and anticipates customer requirements, which are fulfilled effectively and cost-effectively. (Institut Marketing, USA)*
- *Marketing is a thought process that puts the customer first. It is designed by the organization of the business and the activities it performs in a way that the needs of customers are identified and satisfied effectively. (D.W.Foster)*
- *The goal of marketing is to know the customer and his needs so perfectly that products designed for him / her sell themselves. Ideal marketing needs to make the customer fully prepared to buy the product. (Drucker, 2002)" [29, pg 5]*

1.8.1 Marketing mix

A marketing mix is a set of marketing tools that businesses use to reach their predefined goals. McCarthy divides these tools into four broader groups called 4P Marketing. These include the product, the price, the place and the promotion. We have to make very important decisions in this marketing mix to make a positive impact on our business and final consumers. [30, pg 57]

In addition to classical 4P, the marketing mixture is broadened by the so-called "P", so in many literatures we can come across the concept of so-called 5P:

- People

Alternatively 7P:

- People
- Processes

- Physical evidence

Marketing mix in the so-called 4C model, which considers the customer's point of view and not from the seller's point as with 4P.

<u>4P</u>	<u>4C</u>
Product	Customer solution
Price	Customer cost
Distribution	Convenience
Promotion	Communication



Picture 7: Marketing mix (own scheme) [31, pg 287]

1.8.2 SMART Methodology

In order for the goals to work effectively, it is advisable to set and deal with them in a certain form. Stiegler divided the targets into the content, scope, target area and target time and defined them as follows:

- Goal content: what should be achieved?

- Scope of the target: to what extent should the objectives be achieved?
- Target area: where, i.e., in which region, or in which target group should the target be achieved?
- Target time: when, or at what time, is the target to be achieved?

Stiegler's idea further elaborates on and strengthens so-called SMART Methodology. "SMART is an English term for clever and in management, at the same time, a shortcut to the methodology of setting goals consisting of English words specific, measurable, agreed, realistic, and timely (defined in time)." [32]

S - Specific: A clear and unambiguous definition of what is to be achieved in reaching the goal. It is desirable to avoid formulations that can be misleading and inaccurate, such as having good sales.

M - Measurable: The exact form of the target must be determined to allow to assess whether the stated objective has been achieved. An example might be: Produce at least 350 pieces of product A.

A - Agreed: The specific form of the goal should be agreed upon by all parties involved in its implementation. The consent of all concerned parties helps in motivating the parties to achieve the goal and, above all, eliminates the possibility of setting an unrealistic goal.

R - Realistic: Each goal should be appropriately defined and limited from the top and the bottom. It is not advisable to choose too high or too low goals. When setting a goal, it is also necessary to consider the surrounding conditions such as production capacities, time options, staffing, etc. If I know that I am currently using the machine for 95% of my capacity to produce 500 pieces of the product, it is perhaps unrealistic to increase production to 700 pieces of the product at the same time without considering any support investment.

T - Timely: The last of the points tends to be often forgotten, but its application is necessary. The goal you set is time bounded. E.g. until August 25 to deliver 1500 pieces of product B.

If the set target fulfills all 5 points of the SMART methodology, it fulfills the first of the assumptions for successful fulfillment of the specified parameters. [32]

1.9 SWOT analysis

It is a simple approach by which the enterprise assesses the relevant internal and external environment. The SWOT abbreviation stands for four categories of environmental factors - strengths, weaknesses, opportunities and threats. The internal environment is linked to strengths and weaknesses, while opportunities and threats to the outside. [33, p. 15]

The aim of the analysis is to identify the extent to which the current business strategy, its strengths and weaknesses are relevant and able to cope with the changes that occur in the environment. The analysis originally came from two analyses, namely SW analysis and OT analysis. [34, pg 129]

SWOT analysis means an overall assessment of the company's strengths and weaknesses, opportunities and threats. It monitors internal and external marketing environment. [30, pg 90]

An enterprise may use the analysis for one or more purposes, so it is necessary to determine the purpose of the use, i.e. what the information will be used for. [19, pg 296]

Four basic strategies can be derived from SWOT analysis:

- SO – the use of strengths in favor of opportunities, the use of strengths in favor of opportunities,
- WO – overcoming weaknesses by harnessing opportunities,
- ST – using strengths to eliminate threats,
- WT – minimizing weaknesses and avoiding threats. [33, pg 16]

Internal environment

In the internal environment, we evaluate and identify strengths and weaknesses for the organization. [19, p. 297]

Strengths

They are potential forces that make us better than our competitors. For example: market position and its knowledge, strategy, competence in the field, financial perspective, technologies, speed of innovation, loyalty of customers, sustainability of competitive advantages, economical savings, several years of market tradition, management capabilities and many others.

Weaknesses

Weaknesses that allow for improvement. E.g. competitive disadvantages, lack of knowledge and skills, inability to finance strategies, comparison of high costs, outdated equipment, narrow range of products, vulnerability to competitive pressure, ignorance of marketing, bad management reputation, threatened competitive position, uncertain strategic direction, declining profitability, or a poor image. [24, pg 85]

External environment

We evaluate and identify the opportunities and threats of the organization in the external environment. [19, pg 298]

Opportunities

Potential amount of improvement from outside of the business. E.g. sufficient number of customers, growth in the market, complementary products, new segments and markets, increasing range of products, introduction of new technologies.

Threats

External threats that could cause difficulties for the enterprise. E.g. changes in customers' needs and taste, competitive pressure, inappropriate policies, substitution products, slow market growth, poor demographic change, growth of bargaining power on both sides, new competitors.

[24, pg 87]

Threats are future or current conditions in an environment that negatively affects the environment around the organization. Unfavorable conditions may include a drop in customer numbers, the introduction of new technologies that will cause existing products to become obsolete, the entry of a strong competitor on the market, a change in legislation that will make it more difficult for the organization to compete or find reliable suppliers. [35, pg 36]

"The disadvantage of SWOT analysis is that it is too static and very subjective." [34, pg 131]

External factors	Internal factors	Weaknesses	Strengths
Opportunities		WO search strategy	SO strategy of utilization
		Overcoming the weaknesses by taking advantage of opportunities	Using the strengths in favour of opportunities
Threats		WT avoidance strategy	ST strategy of confrontation
		Minimize weaknesses and avoid threats	Use strengths to avert threats

Table 2: SWOT table (own scheme) [19, pg 298]

1.10 General methods of knowledge

Analysis

"An analysis (of the Greek ana-lyo = analyse) is the process of real or imaginary decomposition of the object under investigation (phenomenon, situation) into sub-parts, which are subsequently subject to further investigation. It is an analysis of properties, relationships, facts progressing from the whole to the parts. The analysis assumes that in each phenomenon there is a certain system (a set of elements between which the relationships are and which make up a given unit) and there are valid rules of the functioning of the system. Therefore, the analysis allows to discover different properties of phenomena and processes. The analysis allows to separate the essential from the insignificant, to distinguish the permanent relationships from the random ones. The analysis has an indispensable role in understanding the nature of phenomena and in establishing the tactics of scientific research. The analysis (and interpretation) interferes with qualitative research and is an integral part of each of its individual steps. Analysis, along with synthesis, is one of the basic and most used scientific methods." [36, pg 41]

Synthesis

"A synthesis (from the Greek syn-thesis = composing) is a conceptual combination of the lessons learned from analytical methods as a whole. Synthesis is the basis for understanding the interrelationships of phenomena. Synthesis is a summation of knowledge leading to the acquisition of new knowledge, relationships and laws on a qualitatively higher level - it leads to the elucidation of new or previously undefined relationships and norms." [36, pg 368]

Comparison

"The basic data obtained by the measurement can be used for comparison purposes (from latin comparare = compare). This is possible on two levels:

- *How the object behaves under different conditions (in different environments).*
- *How to preserve different objects under the same conditions.*

Based on such comparison, conclusions can be drawn about the properties of objects or processes. The precondition for comparison is the precision of previous methods - observation, description and measurement. When comparing two or more phenomena we can use the ratio of ratio (relative difference), difference (absolute difference) or index (the ratio of two values of the same indicator). Comparison is a basic method of assessment, and comparative methods can be used both in knowledge acquisition and in processing.

The comparative method is used in several parts of this work. However, it is necessary to take into account the fact that the rapidly changing economic environment (and especially in the area of information technologies) does not provide ideal conditions for using this method. The comparison method is incorporated in the work where one can take into account similar investigations that have taken place in investigated and related areas."

[36, pg 250]

2 ANALYSIS OF THE CONTEMPORARY SITUATION

For practical application theme of my diploma thesis was chosen XXX company operating in fast food industry. My choice was influenced by two factors, namely the rapid growth of fast food in the Czech Republic and my practical experience not only as a fast food customer, but also as an employee because I worked at McDonalds and Bella Italiana (UK), and Czech Republic in Brno at KFC and Subway as a part time employee. The selected company operates under the XXX franchise, which is relatively new on the Czech market. I will analyse the company in terms of its external and internal environment. The analyses will focus on strengths and weaknesses and the preparation of suggestions to formulate recommendations, that would be possible thanks to strategies strategies, to improve the current situation.

2.1 Company characteristics

2.1.1 History of the company

The company is a Czech chain of fast food establishment based in Prague - Hloubětín. The first business was opened in 2003 at the Victory Square in Dejvice in Prague. At present, 21 restaurants, some of which are franchised, operate under the company's headquarters. A total of 15 establishments are located in Prague, four in Pilsen, one in Liberec, Hradec Králové, Ostrava, Ústí nad Labem, Brno, Pardubice, Kladno, Slovakian Bratislava and Polish Warsaw.

The business owner is also the owner of a parent company that produces packaged baguettes. The main benefit of a superior company compared to competitors is that, thanks to sophisticated logistics, baguettes are always fresh for the customer - but this system also has its limits. The owner has, therefore, embarked on a project where he could present the company's competence to prepare culinary high-quality baguettes and prove that even a classic baguette can be a tasty, unique and high-quality gourmet experience. And that's why it was the first restaurant where the baguettes with fillings, the authors of which are renowned cooks, are served as a standard dish. One of these projects created a new line of Chef Fit, which includes nutritionally balanced products. The separation of both brands did not take place until later. The result is a restaurant network as we know it today. In addition to setting up the first restaurant and subsequent separation from the

parent company, the next milestone in the company's lifetime was the franchise model. For the future, the company has big plans not only in the Czech Republic but also abroad.

2.1.2 Basic data

Name of company: XXX. s. r. o. *

Legal form Limited company

Headquarters: Vaňkovka 1, 602 00 Brno

IČO: 042 08 129

Basic Capital: 200 000 CZK

Registration into Business Register: 1 July, 2015 at the Regional Court in Brno, Section B

The data on the XXX of the company are derived from a controlled interview with the company's owner and internal accounting documents from the start of the business.

XXX is the franchise of the Czech company XXX, which is headquartered in Prague. There are 15 functioning branches in Prague and in 2015 the company expanded to Brno by franchise. It can be said that the franchise is very strict and strict for the operator, as evidenced by the 150 pages. The franchise identifies the form of the shop, the assortment, the advertising, the prices and a number of other rules that will be mentioned later in the text of the analysis. [Controlled interview with the owner]

Incorporation of the enterprise according to the EU

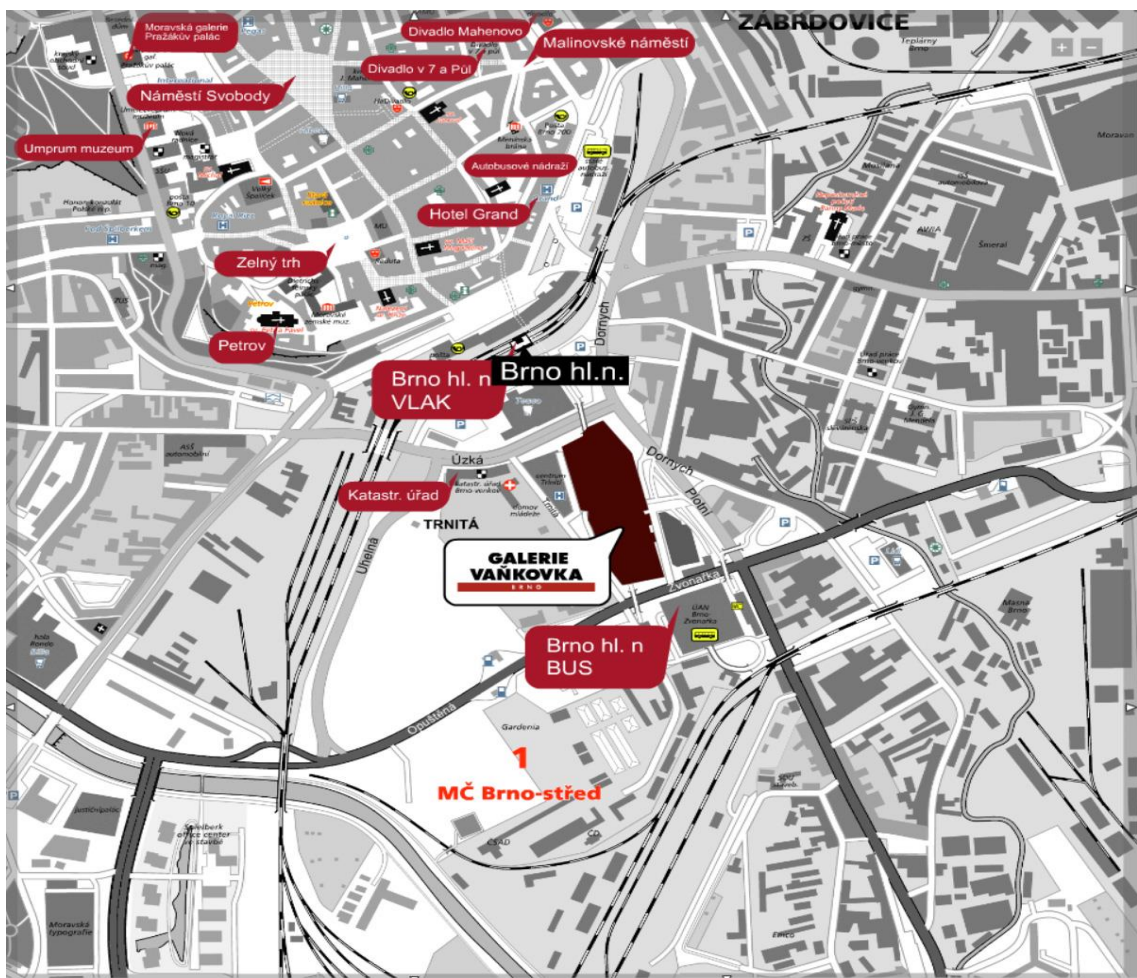
The size of the enterprise falls into the category of small enterprises according to the European Union rules. The breakdown is determined by a combination of staff and turnover. The company, as mentioned above, has about 28 employees and its turnover is CZK 17 million. Both of these criteria meet the requirements of EU classification.

* The owner asks for the company not to be listed under a direct name

2.1.3 Placement

The company is located near the city center of Brno in the strategic Vaňkovka Gallery shopping center. The center is a transit point between the main train station and the main bus station. Vaňkovka is the only large shopping center in the center of Brno.

The shopping center is very large, so in individual specialised stores, such as perfumery Douglas as a luxury shop only in Vaňkovka and in the Olympia Shopping Center. The opening hours of the shopping center are from 7am to 10pm. Due to the bus and train connections of the railway station and extensive parking spaces with an attractive price of parking, it is the crossroads and a business center not only for the permanent residents of Brno but also for the passing through. With the increase in the number of passengers who favour bus and train transport, the number of visitors to this shopping center is increasing.



Picture 8: Vankovka Gallery Site [37]

Branch

The branch is located on the ground floor of the Vaňkovka Gallery in the central square on the corner opposite the seating area. Their competitors on either side are less visible.



Picture 9: location of the company's shop (own picture)

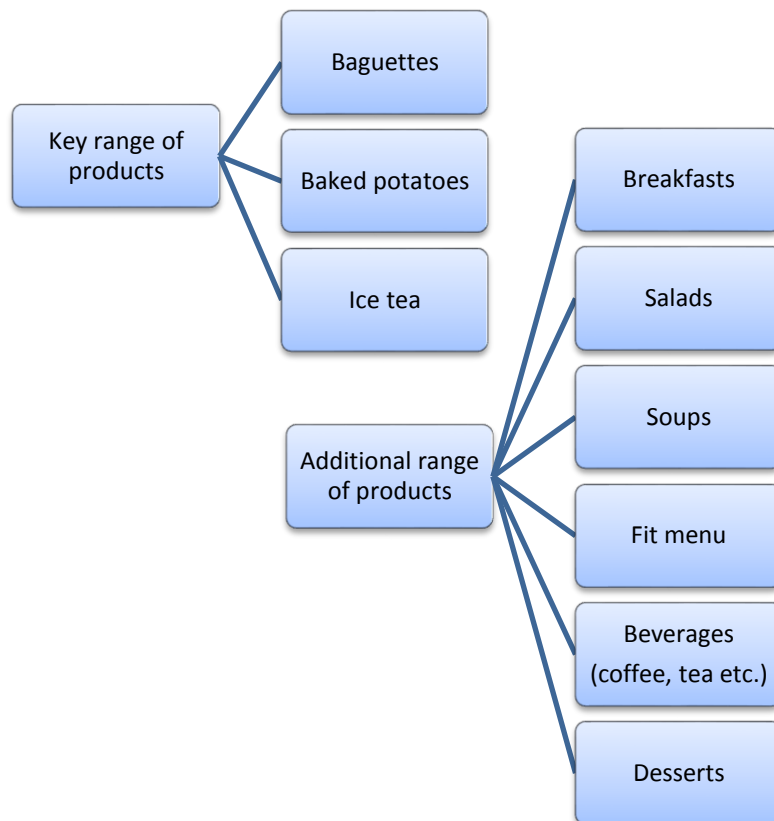
This location is very convenient because it is visible from all sides and from the upper floors. The size of the shop itself is not very large, but it fulfills the requirements for operation (both legislative and technological). A certain drawback may be lack of chairs to sit on. There is no own place for sitting. The sitting place is common for all companies located in Gallery Vankovka. Lease location is a corner space that has the shape of a convex rectangular triangle of approx. 50m². There is also a kitchen in the shop which is separated by a partition from where the customers make their orders. However, from the other side of the partition, the customers can see how the food is being prepared, how baguettes and potatoes are being baked, sandwiches are being packed. Ovens and other appliances form a second partition behind which another assortment is being prepared, which can not be seen any more. The facilities are clean and healthy. The monthly rental

rate is 8% of the sales + fixed amount for the share in the common areas and their cleaning and it is around 150,000.00 CZK per month. [Controlled interview]

2.1.4 Scope of business

The main business is Production, trade and services not listed in appendices 1 to 3 of the Trade Licensing Act. This is a fast-food franchise.

The subject of business is focused on the sale of fast food assortment. This market has a growing potential today, reflecting the changes in the way of eating in the Czech Republic. At present, the company offers the following limited range through the franchise and consists of:



Picture 10: Range of products of the company (own scheme)

Every 3 months, the franchise instructs and changes a special menu that is always assembled by an experienced and well-known person. The menu always includes a specially blended baguette, soup and some completely different specialty, such as the sepium hamburger.

The company also offers the so-called fast-speeds, which cost 39 CZK. The fast food contains a small baguette that you take away and you can continue on your way. This way, the company competes with McDonald's and KFC's special offers.

The franchise identifies two major suppliers of raw materials, the first to deliver pastries, dressings, cheeses, oily products, flavourings, etc. The second supplier delivers freshly washed vegetables and fruits.

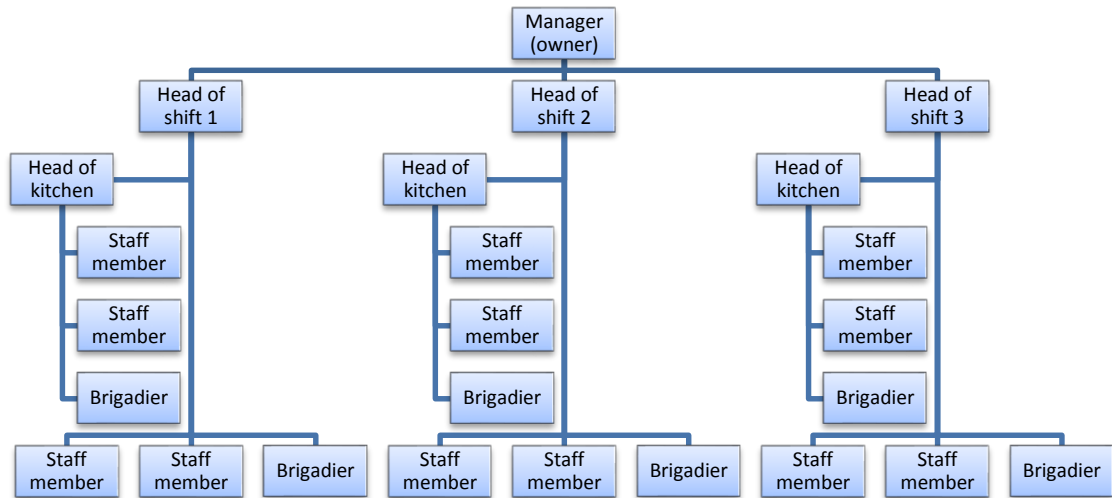
The franchisee cannot choose a supplier.

Making a sale

At present, sales are made from 99% as direct sales at the site. It is made either as a classic, or take away in the packaging. The product is handed to the customer as a "take away", i.e. in hand, or in a box for taking home, or on a tray for on-site consumption. In a small number, products are distributed to the designated customers' places.

1% is created by an attempt to distribute food directly to businesses. [Controlled interview with the owner]

2.1.5 Organizational structure of the company



Picture 11: Organizational structure of the company (own scheme)

Organization of operation

The company has a contract for a full time employment with three shift managers; there are two full time staff members who deal with customers, and then there is a shift manager of the kitchen who is in charge of two chefs. There are two part-time employees during peak hours.

Opening hours start at 7am and end at 9pm in the evening. Employees start work at 6am and usually end at 10.30pm. There are eight-hour shifts, with the morning shift overlapping with the afternoon one, between 11.30am and 1.30pm, when 8-10 people work in the identified peak.

Cleaning of production and sales areas is done by the company itself. [Controlled interview with owner]

2.1.6 Human Resources

Currently, the company has 10 full-time employees, 3 shift managers and 15 part-time employees.

The wage of a full-time employee is composed of two components. The first component is fixed and is set at 85 CZK per hour, and the second component is variable (non-demanding) and consists of 4 pillars. The first pillar is that if the team meets the expected turnover, there are 4 CZK per hour added. The second pillar is when the franchise branch pass the mystery shopping test, which is conducted twice per month. If they pass this test, the employees are credited 5 CZK per hour. The third pillar is another franchise test, which is done once a month, and it is the food weight check. If everything is fine, the staff is credited with 5 CZK per hour. The last pillar is the so-called operational check and if the branch passes, 6 CZK per hour are added. These parameters are checked anonymously twice a month according to franchise conditions. A franchisor checks the performance level on a specific form sheet. Overall, in the second component, it is possible to get 2 CZK per hour. The part-time employees are paid only 10 CZK less than the fixed rate, i.e. 75 CZK otherwise the non-demanding component is the same.

Benefits for employees are adopted from the franchise model. It is possible to eat according to the hours worked and it is stipulated for every hour worked on the day you are entitled to 15 CZK. For example, if an employee works 8 hours, he / she is entitled to buy assortment he /she wants in the amount of 120 CZK., but it cannot be cumulated or saved, it is always tied to the shift and it is intended for immediate consumption, the employee cannot take food away.

Another benefit is the financial contribution to the uniform.

A hidden benefit is the possibility of planning shifts two months in advance. These are directed by the shift manager.

The owner sees employees as the key element and identified several critical points in the process itself. The first is a good preparation before the start of working hours, and the preparation and delivery of meals at peak times, when the part-time employees also work on the so-called Strong Days. Although franchise employees are interested in the size of the production sold, it is not always possible to get quality workers. It is not sufficient to

just accept an order and to execute it well, but the employee must be able to offer additional assortment. The owner works with his own part-time employee database, where he fully realizes their little affinity with the business as they only work to earn additional income.

Within the framework of a good work organization, swaps between service and kitchen are used, which is the competence of the shift manager.

Vision, mission and business goals

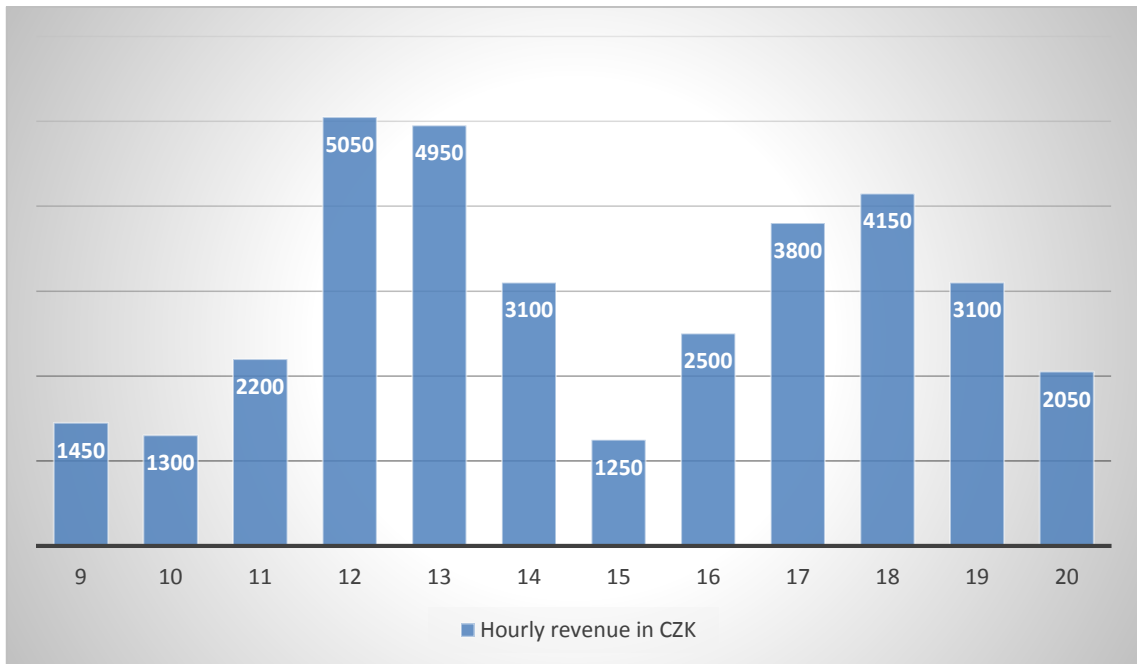
The vision of the company is to reach the general public's awareness and expand gradually throughout Brno.

The basic mission of the company is to quickly and safely feed the people in the Vaňkovka Gallery.

The goal of the company is to offer its customers and potentially new customers quality refreshments supported via a strong and stable franchise.

2.2 Self-observation

During a series of visits, it was confirmed that the strongest period of sales was the peak, with sales of around 70 to 80 sales being around 11am – 12pm and about 10-15 people just browsing the offer and leaving. In addition, workload was monitored on days. In peak hours and confirmed long-term statistics kept by the owner.

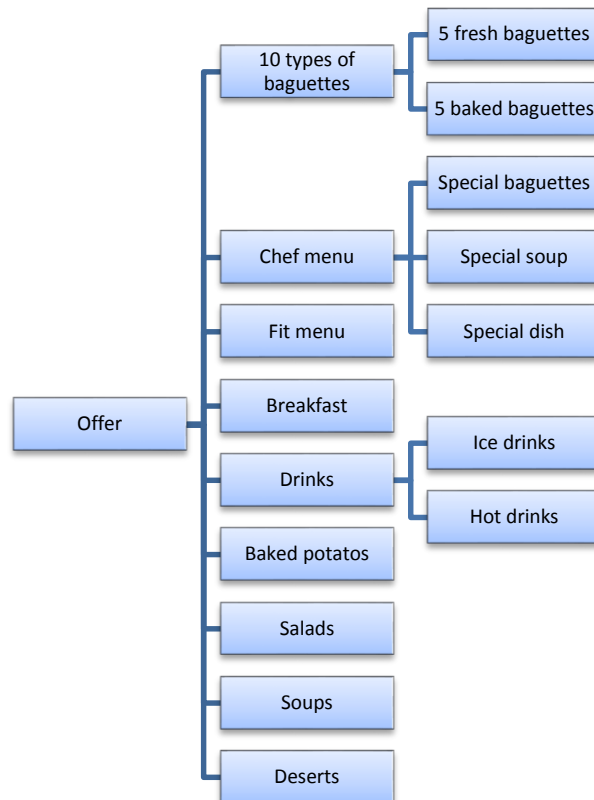


Graph 1: Hourly revenue in CZK (own scheme)

At the peak I followed the customer structure with these conclusions. The most frequent customers were, from my observations, an age group ranging from 20 to 45 years old. Mostly, they were couples (male, female), Slight predominance of women when ordering individually.

The top staff worked efficiently and solved partial problems with customers in a non-conflicting way, and I did not notice any work organization problems so they had to be handled operationally so the customer was unable to see them.

Daily offer



Picture 12: Offer of range of goods (own scheme)

For example, March 30, 2017, the offer was as follows.

The offer of the assortment of the company is varied and the main product is 10 kinds of baguettes, of which 5 baguettes are fresh and are offered in these variants: Tuna for 79 CZK, Caprese for 89 CZK, Caesar for 89 CZK, Salmon for 89 CZK and roastbeef for 99 CZK.

There offered baguettes baked in a special machine equipped with a large lava stone. It is available in variants: BBG for 79 CZK, Parisian for 79 CZK, Swiss for 89 CZK, Brussels for 89 CZK and Sweet Ribs for 109 CZK. You can choose whether you want a white-bread baguette or you can order a wheat-bread one for an extra charge 5 CZK or rustic for 9 CZK.

Every day there is also one special baguette of the day, which is priced at a discount of 20 CZK than baguettes in the standard offer and is made from ingredients that need to be consumed.

Another key product are roasted potatoes for 39 CZK, which are not soaked with oil and hence healthier than the chips from surrounding food chains.

The company prepares fresh salads for the fitness line predominantly for females. They offer caesar, caprese, goat cheese with beet root for 109 CZK or garden salad for 39 CZK. Additional dressing is for 10 CZK.

FIT MENU, which is made up of low-calorie specialties: olive bread with artichokes for 69 CZK, herb couscous for 79 CZK. It is marked how much Kcal each product contains.

Soups of the day were: peas and you can order a small size for 39 CZK or large for 59 CZK. The CHEF MENU Cream of white beans for 69 CZK.

In the morning from 7am to 10am, the shop offers a breakfast offer either as a sweet breakfast (a buttered croissant with strawberry jam and nutella) or a yogurt. From a salty breakfast, the offer is wider: a buttered croissant with ham and cheese, a club sandwich with an egg, cheese and chicken and bacon, quiche with goat cheese, quiche with ham and cheese, or pumpkin bread with salmon.

The franchise instructs for the so-called CHEF MENU and changes every 3 months a menu that is always assembled by an experienced and well-known person. The offer always contains a specially combined baguette: chicken potacchio for 109 CZK, veal with anchovies, soup and some completely different specialty, such as the sepium hamburger.

The company also offers the so-called fast-speeds, which cost 39 CZK. You pay for a small baguette that you take in your hand and you can continue on your way. This way, the company competes with McDonald's and KFC's special offers.

Desserts vary according to the season and now the company offers chocolate foam for 49 CZK, muffins for 35 CZK, an almond dessert with a mango for 49 CZK, a chocolate croissant for 29 CZK, a buttered croissant for 25 CZK and trying to establish and introduce pancakes that could target children.

The company offers ice drinks: cucumber with aloe vera for 59 CZK, homemade lemonade for 59 CZK and strawberry sorbet for 59 CZK. Ice latte with ice cream and mango purée and milk with coconut syrup for 69 CZK, coffee from 29 CZK to 45 CZK, hot chocolate for 49 CZK, teas and ice tea for 29 CZK, which is quite popular among customers and there is a high sales margin. And the last one is fresh orange juice for 49 CZK.

2.2.1 Evaluation of the offer

The offer is sufficiently wide. It has an unchanging part, but it also has parts that are being altered. This can be considered as a great asset.

Troublesome is the price, which is rather higher. I consider as significant shortcomings the following:

Unclear offer on boards. The complete absence of promotion of a fresh product, prepared in front of the customer; the fact that only Czech ingredients are used and that the promotion of attractive heating on lava stones is not used. The price list of products that are not listed on A4-sized boards, is located on the right side in the corner and is completely invisible.

The enterprise is a modern, dynamically evolving franchising concept of a fast food restaurant with a French charm. The specialty of the company are crunchy baguettes, French type, filled with quality and especially original ingredients, baked and assembled on request and in front of the customer's eyes.

The most remarkable element of the assortment is the seasonal CHEF MENU, prepared by renowned European chefs, who mainly rely on the seasonality and origin of used

ingredients. The company also offers a wide range of breakfast products. The concept is based on a healthier and more appealing alternative to fast food.

Business background and marketing

The staff is dressed in a uniform dress code, helpful and smiling. Even at peak times, they are willing to advise on the customer's choice, but I have not met all staff members. A complaint was solved immediately by preparing a new product.

In general, the enterprise operates systematically, and the customer has a sense of certainty in the business, and has a reason to believe that the food is made of fresh ingredients.

Unfortunately, franchise conditions do not make it easy to make the offer more clear and attractive.



Picture 13: Marketing offer: range of goods (own picture)



Picture 14: Marketing offer: range of goods (own picture)

The provider's focus on French traditions is interesting, but unidentifiable for a regular customer. For example, a rotating magnetic cylinder, glued to a problematic, scatter-like piece of newspaper, is unreasonable. Only from the company's website I learned about her French history, which could certainly become a more potent tool for promoting the company. I've tried to find out if any of the customers I selected, knew anything about the company. The replies were negative. (The potential that can be used thanks to the tradition of French cuisine is totally unutilised and the whole way of promotion is counterproductive.)

The company has no logo

I tasted the assortment and it is fresh, the taste combinations are balanced and diametrically different from the baguettes offered in the cellophane wrappers.

The most frequent customers were from my observations the age group ranging from 20 to 45 years old. Mostly, they were couples (male, female), individual orders made mainly by women.

2.3 SLEPTE analysis

2.3.1 Social factors

Lifestyle

Lifestyle at present is generally very stressful and fast. People are surrounded by stress and lack of time in all directions. They often prefer convenience, simplicity, cheapness and speed to quality. That's why fast food is so popular in today's society. Although recent increases in interest in healthy nutrition and so-called bio foods have been noted, the overwhelming majority of people still prefer fast, comfortable and unhealthy food. For current young generation, this statement is true twofold. It is a deflection from traditional nutrition, it is the largest meal at mid-day heading toward evening meal, and lunch is understood to be a light type of "lunch," and most of the time, "take away" is also common that during longer-lasting activities. (shopping, going to the cinema – “take away” food is common This form of eating is often used for travel (including commuting, school, shopping, etc.)



Positive note - People are interested in these “take-aways”.

Population

The South Moravian Region is the fourth largest region of the Czech Republic, taking the same place regarding the population of 1.175 million inhabitants. As of 1 January, 2016, the area of the region was 7,187 km², 163 inhabitants per square kilometer, the density of settlement was the 3rd highest region (after Prague and the Moravian-Silesian Region).

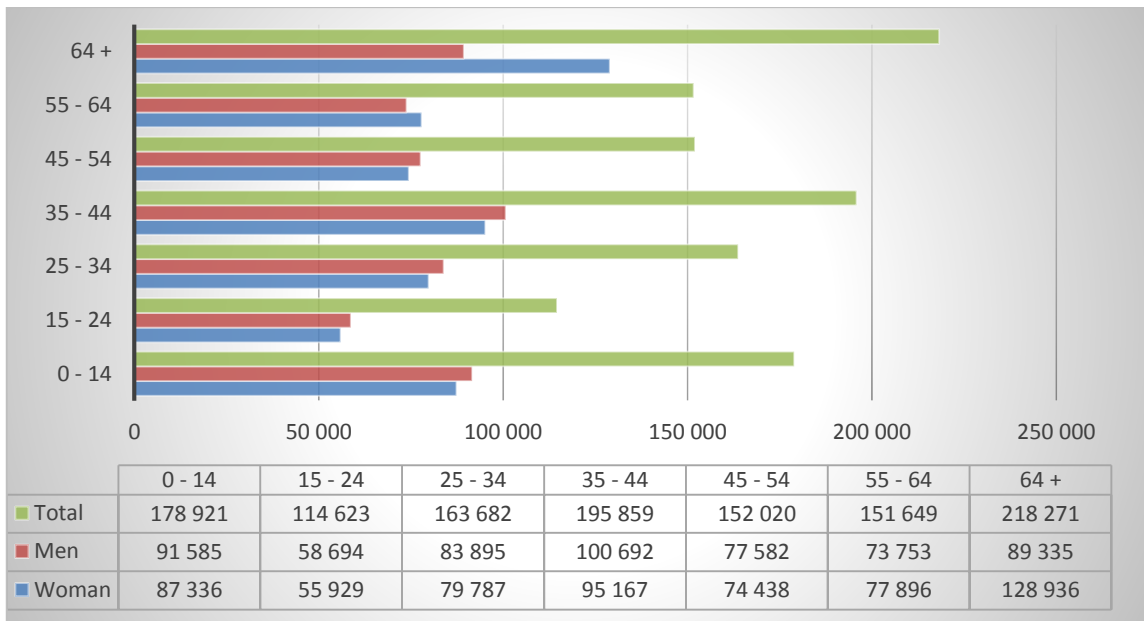
Nearly one third of the region's population lived in Brno (32.1%), while in the smallest municipalities, although the number was the third highest, only 1.2% live in the region. The largest population groups of the smallest municipalities and towns with more than 20,000 inhabitants were at the end of 2015 the highest average age of the population - 43.4 years in the smallest municipalities, and 42.7 years in the district towns and Brno. In the smallest municipalities, the number of inhabitants decreased year-on-year, due to the natural decline. The population has fallen even in the largest municipalities, but mainly due to migration. The highest total population increase in relative terms was found in municipalities with 1,000 to 2,000 inhabitants (6.9 persons per 1,000 inhabitants), the

highest the increase of population by migration (6.1 persons per 1,000 inhabitants) was in municipalities with 500 to 999 inhabitants.

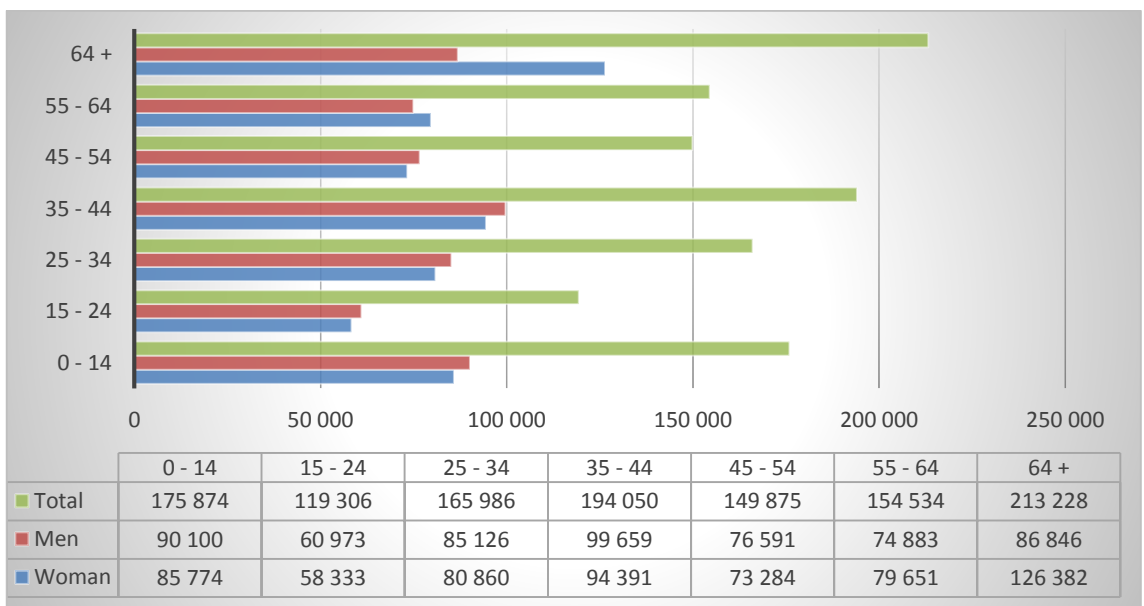


Positive note - the need to commute to school, for work and entertainment.

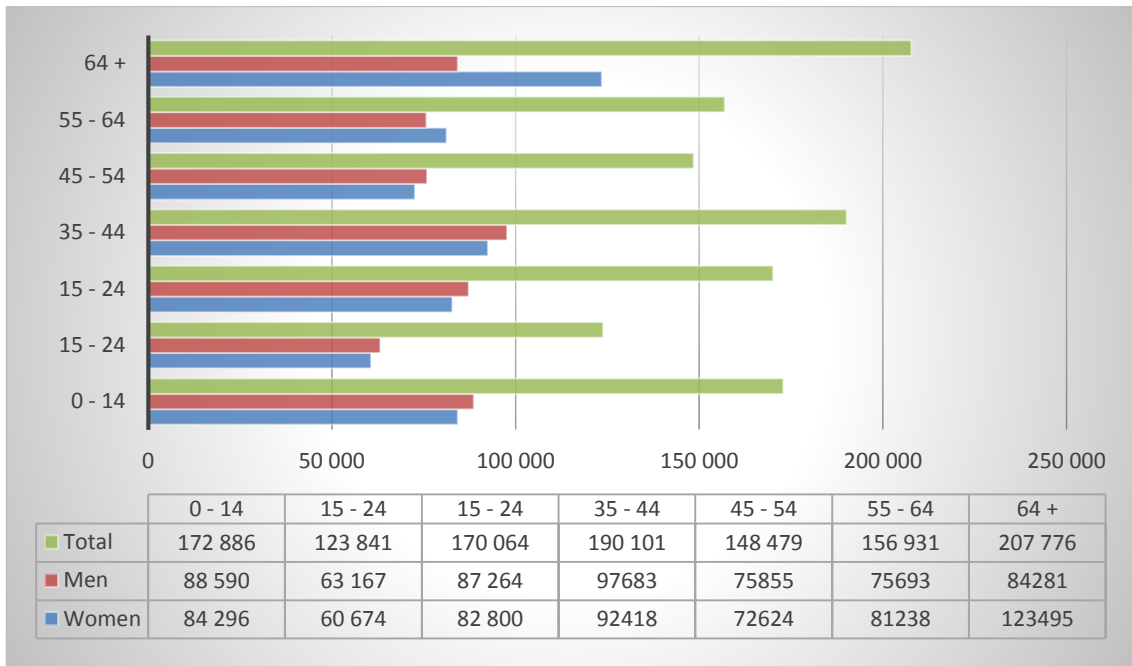
Age groups divided into seven age groups and progressive graphs for the last 4 years in the South Moravian Region.



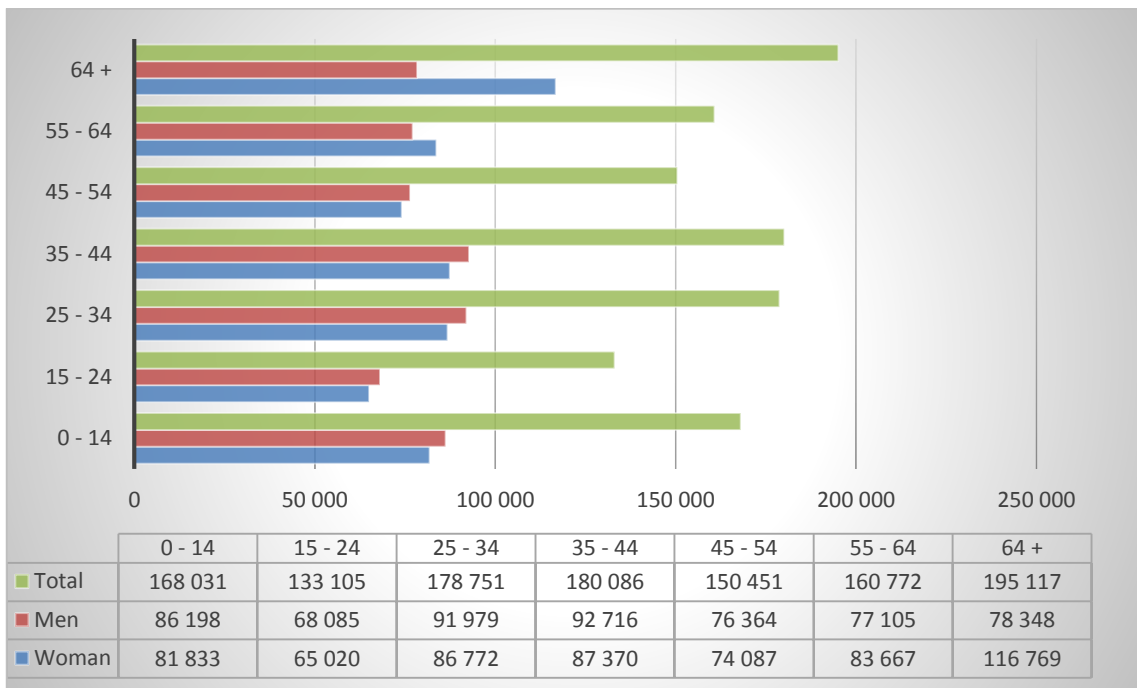
Graph 2: Statistical age distribution in 2015(own scheme) [42]



Graph 3: Statistical age distribution in 2014 (own scheme) [42]



Graph 4 : Statistical age distribution in 2013 (own scheme) [42]

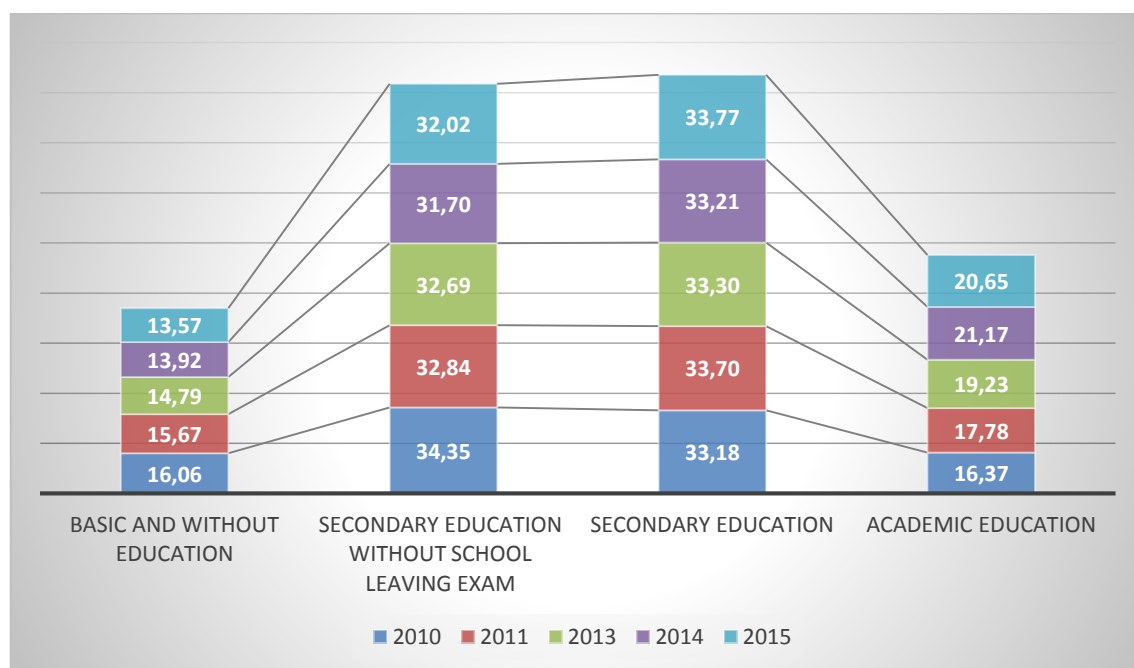


Graph 5: Statistical age distribution in 2012 (own scheme) [42]

The average age of the population of the South Moravian Region reached 42.0 at the end of 2015, the average age of female was 43.5 years and the male was 40.5 years. The average age of the region has increased by 5.3 years since 1991, by 5.7 years for men and

the average age of women increased by 5.0 years. The inter-county comparison shows that the highest average age of inhabitants was in the Hradec Králové and Zlín regions (42.5 years), the lowest in the Central-Bohemian Region (40.8 years), the population of the South Moravian Region, together with the inhabitants of Prague and the Moravian-Silesian Region,

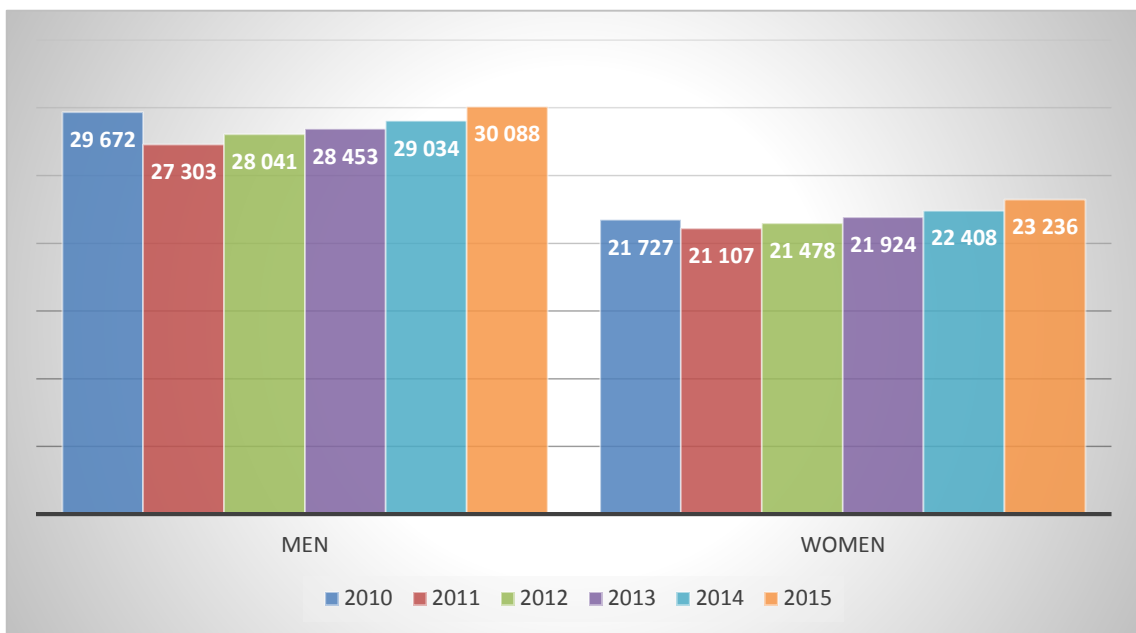
On average, the youngest population in the region is in the Brno-venkov district, with the highest share of children's population (17.1%) being the lowest average age for men (39.5 years) and women (42.0 years). The highest average age of men (40.9 years) and women (44.3 years) is also recorded in Brno-city and Hodonín district. In Brno-city, this is due to the highest share of people aged 65 and over (19.9%), and the lowest share of children in the Hodonin district (14.0%). The most numerous age group among the inhabitants of the region were persons aged 40 and 41 (21,179 and 21,158 persons) in 2015. Most men were 41 years of age, 10 824, most women were at the age of 40, 10 383.



Graph 6: Individuals aged 15 years divided by percentage of education (own schema) [42]

Changes in the educational structure of the workforce are evident above all in comparison to a longer period of time. The number and the share of people with basic education and secondary education without graduation fell gradually in the South Moravian region. In 1995, the share of people with basic education was 10.8% (with secondary without the

school leaving exam 43.4%), in 2005 it was 5.3% (41.0%) and in 2015 only 3.0 % (31.4%). The highest share of employees with higher education was the highest - in 1995 it constituted 14.0%, in 2005 it was 17.6% and in 2015 it was 28.5%.



Graph 7: Average wages (own scheme) [42]

According to the results of the structural survey, the average gross monthly wage in the South Moravian Region in 2015 reached 27.051 CZK (30.088 CZK for men and 23.236 CZK for women), compared to other regions, it was the third highest. Compared to 2014, the average monthly wage increased by 972 CZK (1,054 CZK for men and 828 CZK for women). Men's wages in the region are higher than women's wages over the long term, with the gap between them rising further year-on-year. In 2014, the average wage of women in the South Moravian Region was lower by 6,626 CZK in 2015 the difference was 6,852 CZK.

For Brno there is a typical number of colleges with daily commuter and full-time students, a similar situation is also in the area of secondary education, where regular secondary schools are regularly attended by students. Traditionally, Brno is a shopping center of adjacent districts, and Vaňkovka is a traditional shopping center not only for motorists. Brno is also the crossroads of transport routes and Vaňkovka is close to both the bus and the train station, a suitable location for those who adapt to the new lifestyle, representing a growing customer group.



Positive note - Market growth.

2.3.2 Legislative factors

Dining businesses are subject to a wide range of regulations and their enforcement is strictly enforced. At the same time, applying these rules in practice means high operating costs for entrepreneurs. Moreover, the legislation is getting tighter, so costs are rising.

Every year hundreds of restaurants have problems with hygiene. Many of them are perfectly legitimate because of dirt, mold or rodents and insects. But many businesses in the hospitality industry also pay for ignorance of the details of the laws. Checks are necessary because the health or even the lives of the customers can be directly at risk in restaurants. In this case, it is not just about formality or bureaucracy. It is necessary to observe the hygiene law under Section 82 (2) B) of Act No. 258/2000 Coll., On public health protection, which is under the state health surveillance. It supervises the fulfillment of the obligations and the observance of the prohibitions laid down by this Act, the directly applicable European Union regulations and other public health laws aimed at the operation of catering services and the identification of causes of harm or health hazards and the prevention of the spread of infectious diseases or other health damage from food. [38]

The enumeration of the responsibilities of the regional sanitary stations is really long. In food service establishments, they check in particular: compliance with the requirements for operation hygiene, reception and storage of ingredients and other ingredients for food preparation, traceability - proof of origin of foodstuffs, provision of food and food protection against contamination during manipulation, technological process of preparation of food, the implementation of HACCP-based Standards, waste management, disinfection, disinsection and rodent control, adherence to the smoking ban, observance of the obligation to disclose to the consumer information on allergenic substances used in food preparation, whether foods, raw materials, ingredients and intermediates are maintained under safe temperatures, keeping the cooling chain, or supplying drinking water to the premises.

Among the most frequently encountered shortcomings in the inspections carried out in the production facilities of restaurants is the lack of maintenance of food areas in clean and good condition, inadequate technical condition of establishments, the introduction and observance of procedures based on HACCP principles, shortcomings in the labeling

of processed meals and semi-finished products prepared for the establishment, pest control, waste handling, defects in food and food storage temperatures. [38]

The shop is positioned and spatially disposed to allow for proper hygienic and manufacturing practices, including protection against cross-contamination by food, equipment, materials, water, air supply or staff and external sources of pollution, such as pests, between and during operations, and that food is not contaminated by the environment. Spaces that interact with each other negatively and affect foods and meals at any stage of their production, preparation and putting into circulation must be separated. The way of their separation is dealt with according to the epidemiological risk of performed activities, the type of operation and its equipment, the scope of activity and the capacity of the produced meals. The division of the facility depends on its nature (e.g. a restaurant with all-day operations), the scope of activity and assortment (e.g. preparation of instant meals, specialized establishments such as pizzerias) and, last but not least, the capacity of the facility (e.g. number of portions of food). The solution of the layout of the production part and the arrangement of the equipment must be assessed in a comprehensive way.

Floors must be kept in perfect condition, easily cleaned and disinfected. The materials used must be durable, non-toxic, resistant to water and water-repellent, washable. Where it is necessary for technological reasons, the floor must allow suitable wastewater drainage. In particular, these are places where the floor is washed with running water, etc. [38]

The plant must be supplied with running drinking water connected to the source. Drinking water must be used for food preparation and related activities. Running hot water with a temperature of at least + 45 degrees Celsius must be provided for the entire operating time. Running hot water should not be used for product preparation and production. Drinking water is primarily supplied by water pipes, but individual sources of water are also allowed. Of course, it is better for the operator if the restaurant is supplied with drinking water from the public water main because the water quality is the responsibility of the supplier. The supply of drinking water from a well can be provided but must conform to Decree No. 252/2004 Coll., which sets out the sanitary requirements for potable and hot water and the frequency and scope of drinking water control. Air

exchange must be ensured at all premises of the facility, vapor condensation and excessive dust accumulation must not occur. To do this, sufficient exchange of air must be ensured by natural or forced ventilation, or the air must be conditioned by air conditioning. Forced ventilation must be used wherever natural ventilation is insufficient. The forced air to the workplace must be filtered and in the winter season additionally tempered. For work areas, including areas with public access, the amount of incoming air must not be less than 60 m³ / h per person and hour of work and movement mainly when sitting, allowed to smoke in the ventilated area. Windows that provide natural ventilation must be technically secured against insect intrusion and controllable from the floor level in the production areas, preparation rooms, washing and food storage areas. Windows are usually equipped with insect screens, which must be easily removable and easy to clean. If food and / or meals can be contaminated by open windows, the windows must remain closed and locked during production. [38]

The workplace where unpackaged food and products are handled or hand-polluted must be equipped with a washbasin with tap water and hot water, handwashing and hygienic drying. The best way to ensure this requirement is to equip the washbasin with a disposable hand dishwashing detergent and disposable towels or hand dryer. In workplaces where there is an epidemiologically significant hand impurity, for example in the preparation of raw meat, fish, poultry and eggs, it is recommended to install a washbasin with a mixer without manual control of the tapping. The hygienic regulation states that hand wash basins must be equipped with handwashing and hygienic dryers, without specifying what these drying agents should look like. Using disposable paper towels or electric dryers is more hygienic than using cloths but it is not forbidden. It depends, however, on whether the restaurant operator keeps the cloths clean. [38]

What is HACCP?

HACCP (Hazard Analysis and Critical Control Points) is a system of critical control points that create a tool for ensuring and managing the quality and health of food during all activities related to production, processing, storage, handling, transport and sale to the final customer, i.e. the consumer. This system is based on prevention. The introduction of HACCP-based procedures is a statutory duty that applies to the whole food production process from primary production to the final consumer. This obligation follows from the


Act 258/2000 Coll., On public health protection and the method of implementation is regulated by Decree 137/2004 Coll. as amended. [38]

Regulation (EU) No 1169/2011 of the European Parliament and of the Council of 25 October, 2011 on the provision of food information to consumers in conditions of catering establishments became valid on 13 December, 2014, following the Regulation (EU) No 1169/2011 of the European Parliament and of the Council on the provision of Food information to consumers. Under this regulation, every consumer has to know whether allergens are present in the food or food offered. The list of allergens monitored is directly stated in the Regulation. Each Member State can then choose the specific ways in which the consumer will be informed. [39]

Electronic records of sales (EET) - Revolution in cash sales

Since December 1, 2016, a major change in the sales records has been put into practice and is governed by Act No. 112/2016 Coll. The purpose of the EET is to electronically record and check each transaction. For example, if you buy just plain iced tea for 29 CZK, you have to have a computer or tablet or an electronic cash desk that is connected to the financial / tax office via the internet and when sending a receipt for an iced tea at 29 CZK, there is a request for issuing a unique code, which is printed on the receipt in seconds and saves the transaction at the tax office, thus the tax office has total control over revenue, thus avoiding tax leaks.

In addition to complying with this legislation, businesses are regulated in this area by a set of laws that the entrepreneur has to comply with, and compliance with them means additional overheads. For example: bookkeeping, adherence to the Labor Code, Trades Licensing Act, payment of social and health insurance, observance of safety and security at work, tax laws, waste disposal, road tax on car, depreciation,

 Negative note - EET and the associated cost increase.

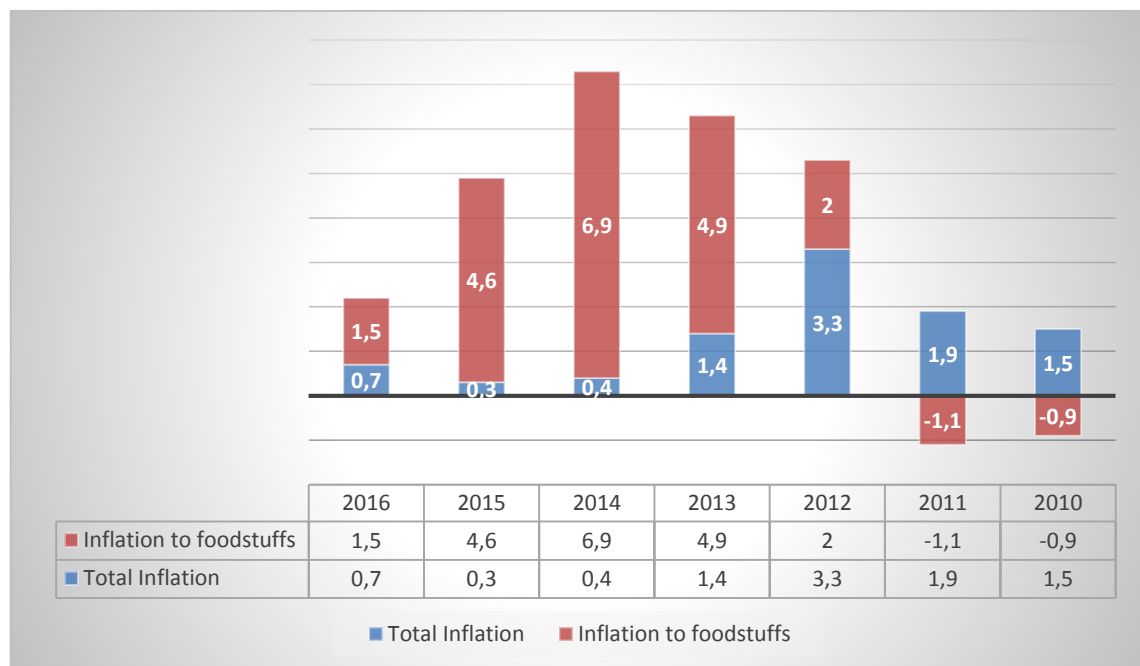
2.3.3 Economic factors

I will divide my work into two areas

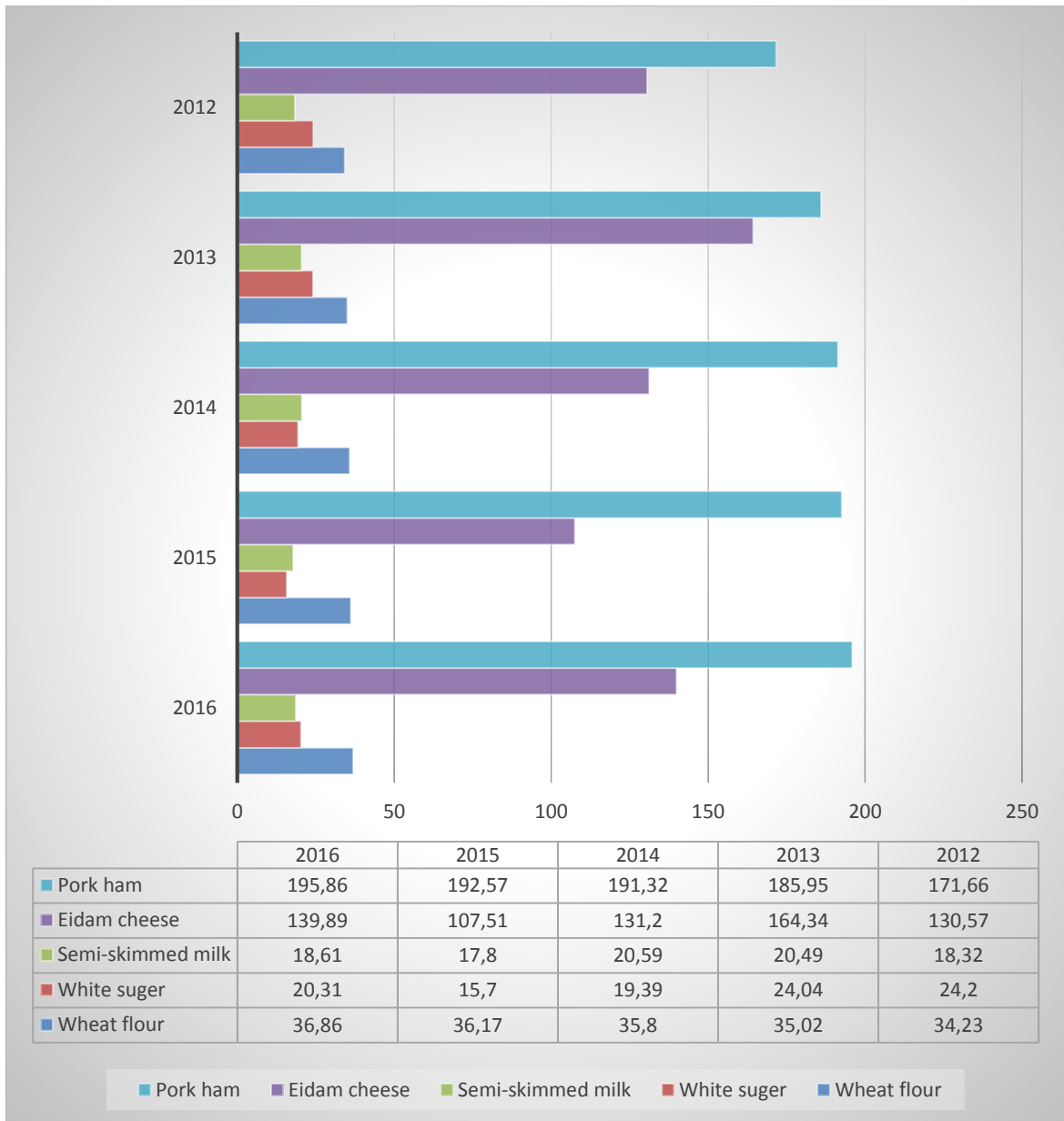
The economic factors that affect demand and the factors affecting the business entity.

Generally speaking, the growth of the living standard is a supportive factor, but the average standard of living is not clearly significant for customer groups. The most frequent customer groups are (reformulate from social factors) A student who travels from school to home and has a downtime while waiting for mass transportation is sure to be interested in eating a "take away" type of food, which he prefers to other forms of meals, but only if the price is not high.

The higher the standard of living of their parents, the more likely it is for the students to use this form of dining. When reaching a certain standard of living, he will probably have his own car and most likely will not be a customer of the take away any more.



Graph 8: Inflation in years 2010 – 2016 (own scheme) [42]



Graph 9: Consumer prices of selected goods (own scheme) [42]

Increase in inflation, rising food prices, rising property prices - and the rise in rental prices.

The increase in negative factors will be faster than the increase in potential customer income.

█ Negative note - The overall threat of rising prices.


2.3.4 Political factors

Political factors do not directly affect the business, but can be reflected in the decisions of the local council, positively and negatively. For example, the growth of parking rates in the city may mean using a bargain price for parking in Vaňkovka, thus causing a potential customer influx. Political factors may complicate the access routes to Vaňkovka. For example, one way in Trnitá Street.

Political factors can partly influence the lifestyle, promoting traditional Czech values in the area of catering from Czech ingredients, a type of Czech food. There can be political activity groups promoting a healthy lifestyle. For example, vegetarians, etc., can influence customers by demonstrations.

A more serious factor may be the application of ever-tightening legislation by the European Union.

The same problem may arise in adopting EET-pricing laws.


 Negative note - cost increase, EET threat.

2.3.5 Technological factors

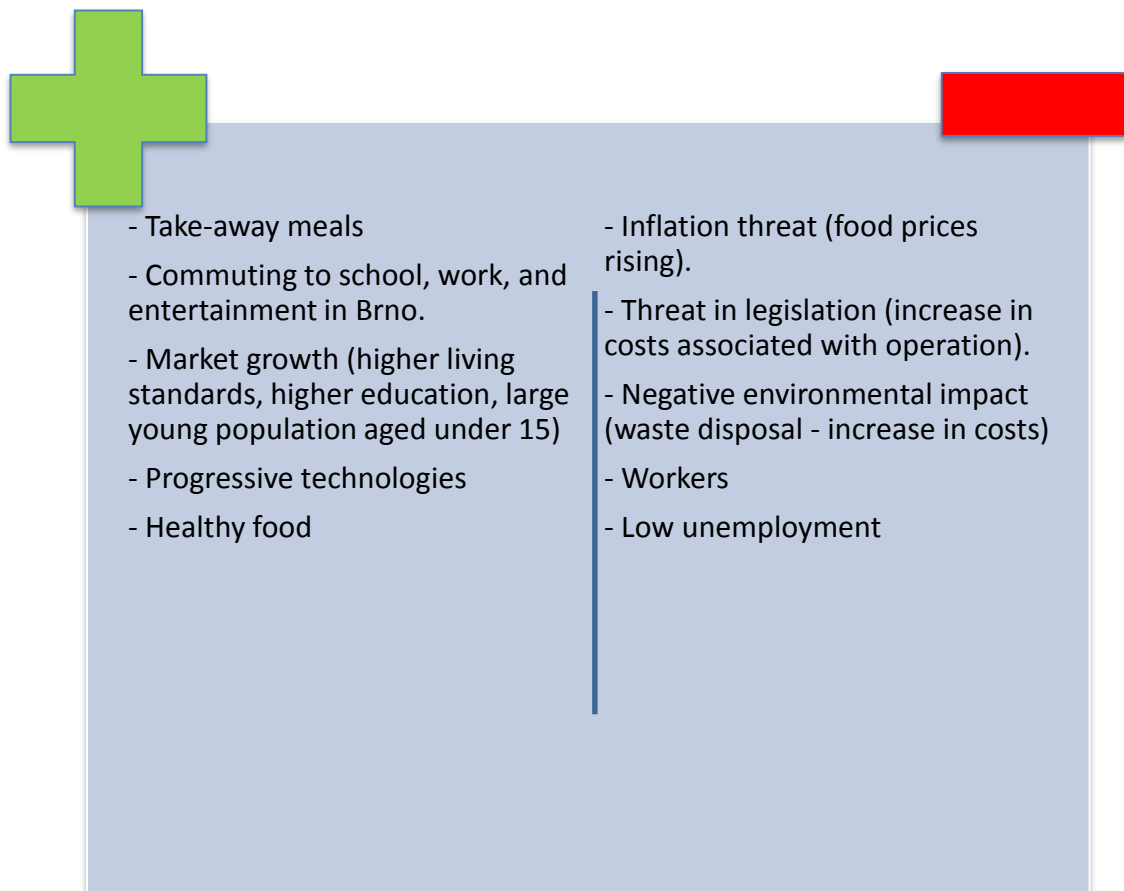
The subject of the business requires specific technologies that, thanks to the franchise, have a negative impact in terms of cost increase, which the entrepreneur cannot influence because those are fixed costs, and its share in the margin can only be reduced by a significant increase in sales volume. Administration-related technologies also have an impact on costs with the same effects. For example, a computer, due to correspondence with the authorities. The effect is rather negative related to legislation (the cutting board must not be made of plastic but from a different material, the shop has to meet the requirements and buy. Or, when they say that the detergents must not contain some substance, they must observe the regulation.

2.3.6 Ecological factors

Ecological factors have a great impact both on the formation of demand and on the adoption of laws tightening up the business of catering

 Negative note - increasing costs.

2.3.7 Conclusion of SLEPTE analysis



Picture 15: Conclusion of SLEPTE analysis (own processing)

2.4 Porter's Analysis of Five Competitive Forces

2.4.1 Current competition

The company is located in the middle of the Vaňkovka Gallery, where other fast food restaurants are located. We have to consider McDonald and KFC as direct competitors because these two companies are established and known among the general public. In the vicinity of the business, however, other fast-food enterprises have to be regarded as competitors. We can divide the shopping center Vaňkovka into the left and right side. Most of the fast food shops are on the left side including our company, McDonalds, Smak, Top Lunch, Cocos and KFC.

McDonald's

McDonalds can be considered as the strongest fast food chain. It offers mostly burgers, fries, salads, milkshakes, coffee and ice cream. Quality can be questioned a lot, all done industrially and with many preservatives - very unhealthy eating. However, McDonald's marketing is excellent and targets children, teens and students. In Vaňkovka it is located next to our shop on the left, so it is very competitive. The price for the services is higher, and if you really want to eat, you will pay about 119 CZK for the menu, but customers usually buy more burgers, because BigMac itself for 79 CZK, for example, does not fill you up and fries cannot help out. On average, the customer spends around 160 CZK.

KFC

KFC is the second strongest chain and offers fried chicken in a special batter and they put it in tortillas, buckets, or just as hot wings, strips or legss, of course French fries, salads and ice cream, coffee, milkshakes. From these additional sales, these companies try to compete and offer a similar assortment. Just like McDonald's, KFC has excellent marketing and targets the same target audience. Location in Vaňkovka is rather worse, it is the last fast food restaurant on the left side of shopping senter. The price for services is quite high in terms of price / saturation such as inr McDonald's. For example, the Tortilla Twister Menu with Fries and Drinks costs 129 CZK.

Šmak - Czech cuisine

Enterprise Šmak, which offers Czech cuisine. It is the first refreshment on the left side next to our business. The company offers Czech ready-made dishes: goulash, dumplings-pork-beef, roast chicken, pork, chicken in potato cake, soups. The price for the assortment is acceptable and you can eat for about 110 CZK.

Top Lunch

This type of business has been inspired in a world where you get what you like from a buffet counter and pay for a gramme collected on a plate. The company offers an unusual offer, from couscous to special salads. Top Lunch is on the left side of the shopping center behind McDonald's. The price per 100g is uniform and is 29 CZK, and it does not matter if you get a simple salad or pure meat, which can be misleading and the customer gets on average 400-500g of food and pays about 140 CZK per meal.

Cocos

Cocos is a Chinese fast food, offering a classic menu of Chinese cuisine. Kung-pao, gyros with noodles, various chicken, pork and duck dishes of various kinds. Cocos is also on the left side of shopping center and is between Top Lunch and KFC. The price per meal is higher than in other Chinese fast foods. For instance, for Kung-pao with rice, you will pay 119 CZK, which in the city center in any bistro you can get for the price of 79 CZK.

Now I will be dealing with a competition that is not on the left side of the shopping center but on the other side, where there is less refreshment business, but three businesses are there. The first is Nordsee, the second Bok and the last farthest is Subway.

Nordsee


A fast-food chain that offers fresh fish dishes. The price for fish specialties is proportional to the cost of fish, because the cost of fish is relatively high. This business could be a competition because it is exactly on opposite the corner from our business, but otherwise the assortment is totally different.

Bok

Asian fast food combines 4 cuisines from the East, from Vietnam, Thailand, China and Japan. For example, sushi is also offered, and there are higher prices for specialties.

Subway

Subway chain can also be considered as a direct competitor as it deals with the sale of baguettes and sandwiches. In general, Subway is better known and people know it from the world, but the quality of the product cannot be compared with our business. Firstly, the freshness of the ingredients is lower, more preservatives are used due to imports from other countries, the price is higher for a smaller portion of the baguette than in our company.

 High – McDonald’s, KFC, Smok, Top Lunch, Cocos, Nordsee, Bok, Subway.

2.4.2 Threat of entry of new competitors

Practical competition is strong and exists. There is no direct competitor of the same franchise in Brno, but Mother Franchise's strategy is to expand. It means that a new branch may be established in Brno under another owner. From this deduction I suggest that the owner concludes a future contract to ensure exclusivity for the Brno market.

Over the past 10 years, however, the fast food restaurants market has changed significantly in the Czech Republic and has greatly shifted. Fast food is a clear trend in today's hurried time, as well as the future. This is what people and traders are well aware of, so the number of fast food stores in the Czech Republic has multiplied. We are convinced that in the years to come, the number of establishments will increase. Along with this transformation, the eating habits and tastes of the Czechs began to change when they first preferred fried delicacies and heavier meals to gradually turn to a healthier form of food. One reason may be the fact that over 57% of adult Czechs suffer from overweight or obesity, which, of course, accompanies a number of unpleasant health complications with cardiovascular system, high blood pressure or risk of diabetes, stroke or some types of cancer.

 High - High concentration of competition around.


2.4.3 Negotiating power of suppliers

Suppliers are franchised and are unalterable because everything is controlled by the franchise. There are two main suppliers to cover all the business needs.

The first and main contractor is directly from the franchise from the main central warehouse near Prague. It supplies all the necessary ingredients, goods, packaging, and tools that are needed to prepare baguettes and other assortment except vegetables and fruits.

The second supplier is Hortim and delivers the so-called washed vegetables and fruits ready for direct preparation. It is already washed, peeled and sliced.

And as the third possible supplier, although we cannot fully characterize it, when the shop runs out of some ingredient, or some goods are broken, the manager can call and notify the franchise that he or she will be filling up the ingredients or the necessary goods of his choice in the shop.

 High - an enterprise cannot choose an alternative supplier because everything is strictly regulated by a franchise agreement.

2.4.4 Negotiating power of purchasers

Target customer group

- Visitors to Gallery Vaňkovka
- Passengers and passers-by

The most important segment of the market that the company focuses on are young people aged 20-45 who visit the Gallery. Opening hours are daily from 7am to 9pm. It enjoys high attendance and popularity in the surrounding area. Another segment is people who travel by buses and trains. Vaňkovka Gallery is located exactly between the two main stations.

The franchise business concept is governed by a contract in which there are also set distribution prices for individual goods. An enterprise cannot set the pricing policy on their own, it cannot take action to increase customer attractiveness.

 High - cannot lower prices, because the prices are set by a franchise.

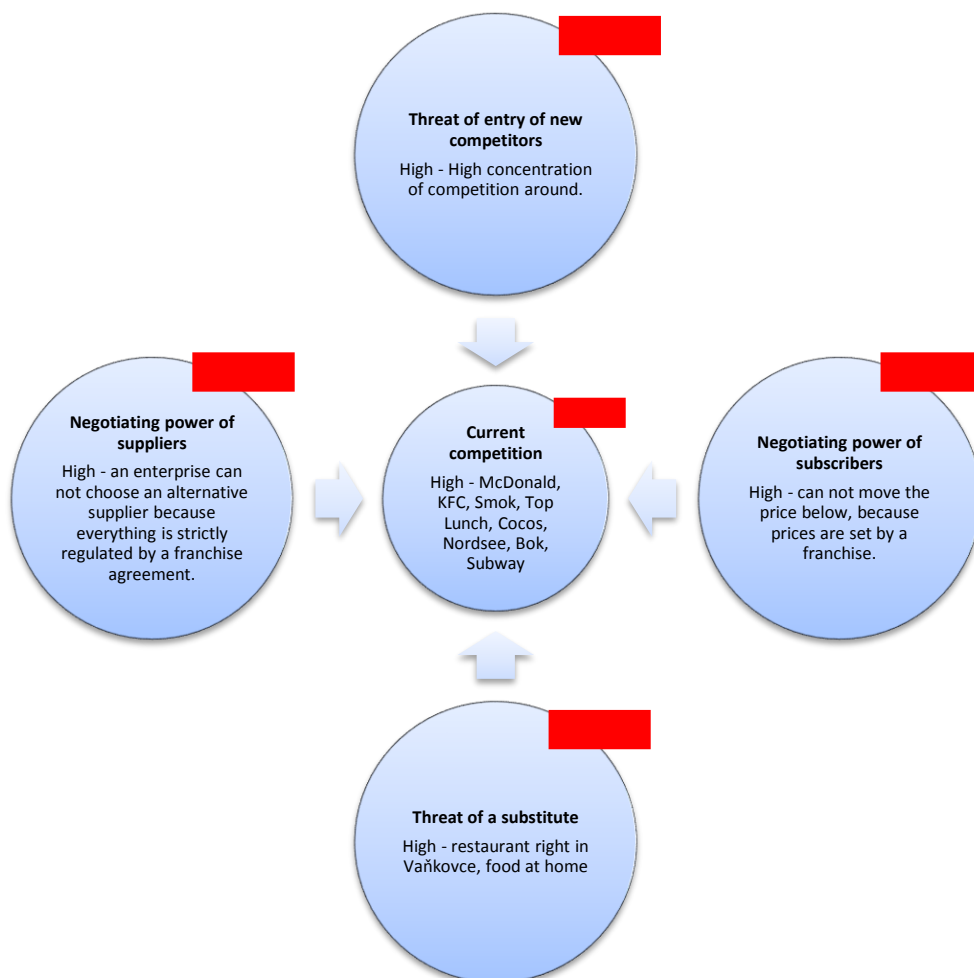
2.4.5 Threat of a substitute

Among the substitutes we can find the restaurant, which is in Vaňkovka, and the restaurant U potrefené husy. The restaurant offers classic Czech dishes, but the price for lunch is obviously different. The restaurant is aimed at better clients or businessmen who choose the restaurant for business purposes.

The second substitute is the classic most common cooking at home. It is the cheapest way to eat, but also the most time consuming and not everyone always has time to cook.

High - restaurant right in Vaňkovka, food at home.

2.4.6 Conclusions of Porter's analysis



Picture 16: Porter Analysis Conclusions (own processing)

2.5 Kralicek Quick Test Analysis

Kralicek Quick Test analyses the company's statutory financial statements and reports on its financial health. I obtained the data needed for the calculation of Kralicek Quick Test from internal documents such as the balance sheet and the profit and loss account; furthermore, it is necessary to know the operational cash flow calculated by the indirect method for the calculation of Kralicek Quick Test. The following table lists the values of the first business years of 2015 and 2016.

	2015	2016
Equity	-751	-834
Liabilities	4590	6758
Total Assets	3839	5924
Short-term finance assets	1618	0
Operating cash flow	2026	2554
Sales	10005	17459
EBIT	-926	109
Profit	-978	-83

Table 3: The values for the calculation of the indicators in thousands of CZK (own scheme)

Table 3 clearly shows that 2015 is completely atypical, since its values capture the start of business. In terms of costs, the so-called start-up costs are captured. These are on-time costs only, the amount of costs can also be influenced by higher employee fluctuations and the classical development of variable costs for one individual, which is typical for starting a business. Once the workforce is set, both work efficiency increases and crap rate reduces, which clearly leads to a reduction in total variable costs that may occur in 2016. Sales growth again corresponds to the classical business development for the first year, when sales are gradually increasing as customers familiarize themselves with the

new product and the company. In the first year, the value of the Liabilities indicates that there predominates capital represented by loans, whether short-term or long-term. The interest on the loans brings a rise in the costs, so it is natural for the company to be in loss in its first year. Thus, all profitability indicators will be negative, the company will be indebted. Due to lower levels of revenue earnings, the indicator of activity will be tied to revenues and will also be lower. Cash ratio will be very low due to debt repayment; due to the type of business, there are no receivables; quick ratio will be low and the current ratio will depend on the size of the stock, which, however, cannot be high in relation to the scope of business.

Achieved values of individual indicators with assigned matching marks are shown in the table. According to Ručková, the marks are on 0 – 4 scale, with 4 being a very good status.

Items		Calculation		Evaluation	
	Years	2015	2016	2015	2016
R1	Quota of equity	-0.20	-0.14	0	0
R2	Debt repayment period	1.47	2.65	4	4
R3	Return on total capital	-0.24	0.02	0	1
R4	Cash Flow of Operating Income	0.20	0.15	4	4

Table 4: Values and point assignment of individual indicators (own scheme)

Ratio 1 focuses on the company's financial health and shows the debt ratio of the company. From the results of 2015 and 2016, it is clear that there were needed loans for starting the business, which put the company into negative figures, but it is also obvious that due to the debt the bank loaned additional money to the business. This indicates that the business is promising. The equity of the company is represented only by the entrepreneur's deposit of 200,000 CZK and the expected loss of 2015 causes own capital to be forfeited. This means the indicator must be very poor. This situation will take as long as the loss is paid and the long-term investment loans are paid as well.

Ratio 2 focuses on the liquidity segment and shows the company's ability to meet its commitments in time, and the test shows that the company is very liquid and the return on money invested is returnable within three years, indicating the company's health and future prosperity. This situation stems from the specifics of the business, when the sales are immediate receipts. In the course of the day, the income increases as the money comes in.

Ratio 3 is an economic indicator of the effectiveness of revenue management, and the test results show a gradual increase that can be expected in the coming years as the business trend will only culminate. The return on long-term capital is driven by the same reasons as R1, own capital is negative and long-term debt is high.

Ratio 4 shows the profitable business component and the ability of the company to meet its obligations as a result of the operation, and the test result showed us the best possible results. The business is very well managed by resources. This indicator is influenced by the specificity of the business, where the company does not hold high inventories and the suppliers supply ingredients daily, therefore, the daily operating costs (variables) are significantly lower than daily sales.

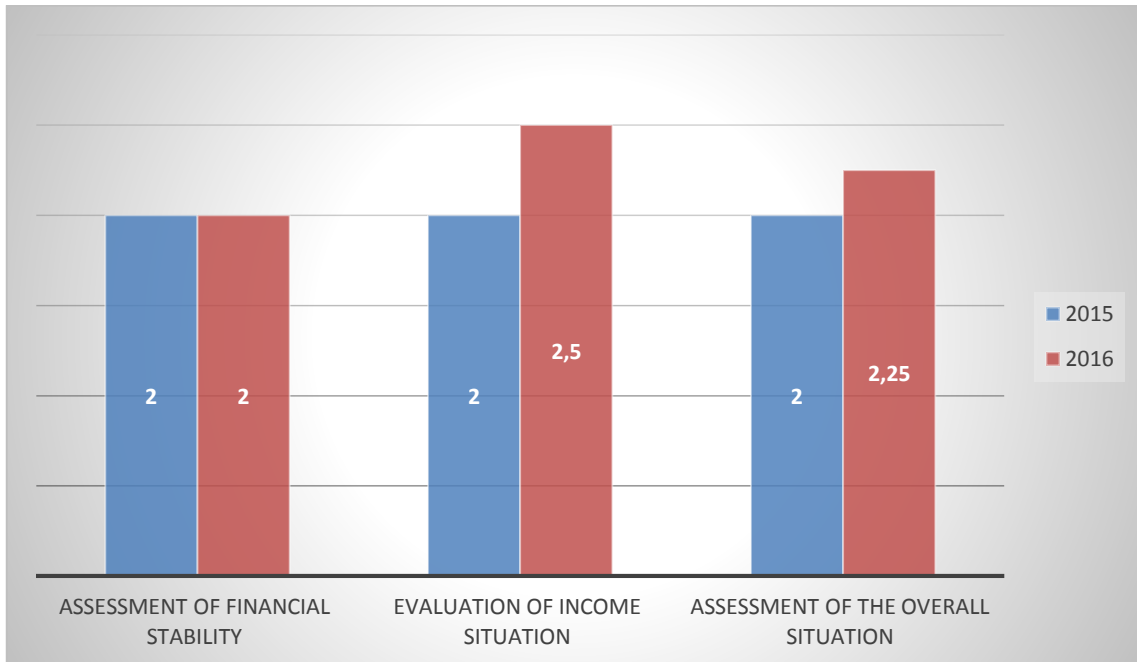
2.5.1 Conclusions of Kralicek Quick Test Analysis

The evaluation of the company's situation is based on the assessed indicators in the following table. First, there is a point assessment of the financial stability and return of the company, from which we obtain a comprehensive assessment of the financial situation of the company.

	2015	2016
Assessment of financial stability = $(R1 + R2) / 2$	2	2
Evaluation of income situation = $(R3 + R4) / 2$	2	2.5
Assessment of the overall situation = $(FS + IS) / 2$	2	2.25

Table 5: Assessing the business situation (own scheme)

The subject of business is very specific, and from the point of view of financial health, the evaluation of profitability and indebtedness shows all the prerequisites for optimal values. Indicators of indebtedness, which in particular are long-term, will be settled by repayment of the loan and liquidation of losses from the first year.



Graph 10: Values of Kralicek Quick Test (own scheme)

From the results of Kralicek Quick Test, we can evaluate these conclusions.

The chart only captures two years and shows that the firm is stabilizing and the values of the problem indicators show positive development and passes through the grey zone towards the green.

2.6 Marketing mix 7P

2.6.1 Product

French baguettes

The company is engaged in the sale of fast food and its key product is stuffed French type desserts.

There are 10 kinds of baguettes that we can distinguish on baked and fresh baguettes. Both baked fresh and baguettes offer 5 variants of different price levels from 79 CZK to 109 CZK. Beyond a standing offer, one baguette of daily offer is available every day, which varies according to the consumption of the goods and is priced at a price of 20 CZK compared to the normal price.

In addition to the constant offer of baguettes, there is always a three-month Chef menu where we find two variants of baguettes made by experienced and famous chefs.

The last type of baguette in the offer is so-called fast-food. It is a small baguette that the company offers in four variants and targets students passing through no time or money, as this so-called speed train rivals competitive offers such as McDonalds or KFC.

As a competitive advantage, I look in the technological process of toasting baguettes, which are baked with a modern machine that is equipped with lava stones and microwave radiation to bag the bag in 20s.

Roasted potatoes - Patatas

The second key product is baked Patatas potatoes, which you can buy separately with a homemade tatakou or are part of a special menu for baguettes.

An advantage over competition is the way of making potatoes as they are not fried, but bake right in front of the customer and he sees the quality of the product.

Ice tea

Ice tea is the third best-selling product in the business. First, in terms of customers choosing tea as a part of the menu, it is also very popular just for passing because they

buy and can take it in the cup. The beverage is very refreshing and because of the production costs it is also very profitable for the company.

Breakfast

Every day, from 7:00 to 10:30, there is a special breakfast menu that is different from the usual assortment. Customers can choose from a sweet or salty assortment. The sweet offers a variety of croissants, which can be coated with marmalade or nutella, or yogurts of different varieties. From the salty breakfast menu, you can buy sandwiches, Croissant stuffed with cheese and ham or French specialized FIT MENU.

Changing fit menus are targeted at women who watch their line and want to eat healthily and want to know the nutritional intake of the day. We offer, for example, herb couscous or olive bread with artichokes.

Salads

The product menu must not miss a selection of salads. There is a choice of four variants, namely Ceasar salad, Caprese salad, goat cheese salad and red beet or garden salad.

Soups

Every day, there is another soup in the menu, and then one soup from the special Menu

Desserts

The menu also includes desserts: chocolate foam, muffins, croissants or almond dessert with mango. Franchise offers the sale of pancakes and I see this as an opportunity for targeting families with children.

Additional assortment

Additional beverages are available in the menu. On the summer days, there is a special offer of ice-cold or ice-cold manga flavors. Of course, there is a menu, coffee, tea, water, fresh juice.



Wide range of goods, daily offer baguette.



Absence of hot desserts – pancakes.

2.6.2 Place

The business is located near the city center of Brno in the strategic shopping center Gallery Vaňkovka. The shopping center is a transit point between the main train station and the main bus station. Vaňkovka Gallery is the only large shopping center in the center of Brno. As an advantage for visitors to the Gallery, parking is free for the first hour free of parking in the city center. On Saturday and Sunday, parking is free of charge.

The shopping mall is extensive and has 130 shopping malls. The opening hours of the shopping center are from 7am to 22h.

The company is located on the ground floor at the central square of Vaňkovka in a very lucrative place. It is a corner shop on the side of the main fast food concourse, where there is also a common seating for all refreshments. This location is very convenient because it is visible from all sides and from the upper floors.

The premises are relatively small but sufficient for the operation of the company, both technically and legally. Spaces are impossible to extend because there are other long-term leases on each side. The technical background of the business is effectively organized. In the part where the customer orders, he does not see the kitchen and after he orders, he switches to the left where he sees partially in the kitchen and waits for order.



Strategic place.

2.6.3 Promotion

The visual appearance of the business is determined by frenchisas, what are the counters, tiles of advertising banners, food packaging, coasters, dress-code workers.

Although the provider's focus on French traditions is interesting, but unidentifiable for a regular customer, for example, a rotating magnetic cylinder, glued to a problematic, scatter-like piece of newspaper, is unreasonable. Only on the company's website I learned about her French history, which could certainly become a more potent tool for promoting the company. I've tried to find out if anything about the company knows about selected customers. The replies were negative. (The potential that can be used in the tradition of French cuisine is totally unused and the whole way of promotion is counterproductive.)

It does not take the potential of France as a country of gourmets. The possibility of promoting the fact that it is made from fresh and predominantly Czech raw materials is not used. Creating a menu of distinguished celebrities is a good way to promote, but it only works for the customers of the day when an important personality is created. There is no indication of the days when this happens. The fact of who created the menu is not mentioned anywhere. The author is hiding behind the screeching chief of the menu. Missing baguette named after personality and not crying on that magnetic banner. The potential of the banner, which is stuck with newspaper jokes, would have to be replaced by a more sophisticated type of advertising. For example, the recipe set menus on baguette.

Sales promotion and promotion is paid by the operator at a 2% fare. The operator does not have to have his / her own website and must use the pages created centrally. There is nowhere to be an appeal to history or name, which is interesting, and this interesting information should also be available.

The BB-Box is counterproductive, but it's more likely to make a connection with a baby's baby box rather than a relatively complicated device to distribute warm baguettes. Information about individual delivery or cattering is inappropriately placed on leaflets. The leaflet itself is not designed to make it clear what it contains, what is essential.

The company does not advertise either in Vaňkovce or in its vicinity. The total offer on the flyer is located at a branch in the corner and I did not notice it until after I asked.

The only way the company is trying to keep customers constantly is through a loyalty program where the customer purchases 5 baguettes for only 5 baguettes, which in my opinion is not a big reward for customer loyalty.



Regular changing Chef menu, presenting famous personality.



Insufficient marketing, missing logo, poor bidding.

2.6.4 Price

Pricing policy is set by franchise. Compared to competitors in the surrounding area, the company is more expensive, but it is due to the quality and freshness of processing.

The price of baguette ranges from 79 CZK to 109 CZK. The price in the menu where the roasted potatoes Patatas and beverage are baguettes in the menu from 129 CZK to 159 CZK, which in comparison is more expensive than the competitive McDonalds or KFC. Every day, however, one baguette of the day is discounted, which is reduced by 20 CZK, a big full baguette for 59 CZK is an acceptable offer.

An advantageous offer that competes with the aforementioned chains is the so-called fast-food for 39 CZK which includes a small baguette or you can buy a sack of roasted potatoes Patatas for 39 CZK.

The most expensive item in the menu is the Chef menu, namely the sepium burger. The separate hamburger costs 129 CZK and the menu 189 CZK. Which can also compete with food in the classic restaurant.

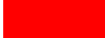
The price for a small portion of the polish is 39 CZK and a large serving of 59 CZK, and if it is a soup from the chef menu, it costs 69 CZK, which is higher than the normal customer willing to pay.

The price of drinks is very uneven. First, cool cold drinks and then hot. For example, 0,4l of ice tea costs 29 CZK, but it is marketed as an ice-cold drink, where you can choose from three flavors: cucumber with aloe vera, strawberry sorbet and lemonade. For 0,3l of lemonade, the customer pays 49 CZK and 0,5l also lemonades costs 59 CZK, which is in a huge disparity. Another overproduct is orange juice fresh, either 0,25l for 49 CZK or 0,5l for 89 CZK. The price for coffee of various species ranges from 25 CZK to 45 CZK, which is normal and normal, but the price for tea for 45 CZK per tea bag of hot water is overpriced as a lemonade for CZK.

Desserts are also relatively overestimated. For example, an ordinary buttery croissant will pay 25 CZK, and with a chocolate filling it will pay 29 CZK, but this difference is only disproportionate, but overall the croissant is not willing to pay twice higher price than in a bakery, which is for example 10m From the business. Another item that is overpriced

is chocolate foam for 69 CZK. What I would like to highlight against the competition is ice cream, which is relatively cost-effective, where the customer pays 19 CZK for a small portion of cream ice cream with nutella and nuts and a great portion of 39 CZK, which is a very good price compared to McDonald's.

Favorable price of ice tea, ice cream and daily menu baguettes

 Unbalanced price of drinks and desserts.

2.6.5 People

For catering businesses, people are a key element in both buyers and service, as well as the visibility and reliability of customers

Suppliers with regard to the franchise, the owner himself has to try to come personally with the suppliers in a friendly way so that in case of emergency there is a supply.

Customers in general would be able to include them in three groups, and even-friendly buyers, neutral buyers, and problem-solving customers who are trying to confuse themselves without reason, the ability to work with customers efficiently and with the great art of communication is a matter of knowledgeable staff. That is why staff in such facilities is a key element for achieving positive results. The owner is aware of this and carefully carries out recruitment and selection of staff. Their training takes place at its own right and possible conflicts are solved by the traffic manager. I have verified the way of dealing with such a conflict, when I said that there are no fresh raw materials in the bage, and without any further the baguette has been changed.

From the observation I noticed how the sellers behave towards customers and the operator is helpful in choosing, recommending what the customer wishes, explaining the composition, and smiling at the customer all the time. Execution of the order is in the moment and the customer, after ordering the baguette, sees how the operator prepares the drink for the customer and sees how the other staff prepares baked potatoes and baguette. He did not wait for 5 minutes and got his order.

The owner informed me about the problem of recruiting a worker, where the low unemployment rate makes the selection of workers limited. Still, he created a "stack of proven brigaders" at the brigadier who approached them as needed. However, the problem of leave and sickness causes problems. Within individual shifts, workgroups have been set up for which there is no problem moving from preparing food to servicing, ie selling and reversing. However, this area is considered problematic and very difficult to solve.



Helpful, trained staff.

2.6.6 Physical appearance

I would divide this area into two parts, namely the appearance of the shop and the appearance of the staff.

The appearance of the store is limited by a number of factors. On the one hand, the requirements are based on the specifics of operation, the requirements imposed by the hygienic requirements, franchise requirements and the possibility of leased space. It is very difficult to satisfy all the defined conditions in rented spaces. The requirements of the franchise determine the color of the information sign, the way of promotion, including the counter on which the goods are presented. On the packaging materials, bags, cups, trays, napkins, etc. In this context, I have to say that although the shop generally operates cleanly and modernly, banners are not very clear, the specialty of the day and the specialty of the chef are not enough. Orientation in the offer is, in my opinion, difficult. The central blackboard is not noticeable. It is black with a white lettering that is not wide enough, or the white color in the black disappears and acts rather silvery, subtly than distinctly. The company has no logo.

Appearance of staff

Workwear is in company colors, that is, in black, which is elegant and has the advantage that stains are too expensive. The staff has white aprons, which in combination with black work very elegantly. Moreover, black color is a slusive, warm black that is elegant. Heaven

Is to a certain extent limited by the terms of the franchise and customs in Vaňkovec, but it is very trustworthy to observe the business, everything looks clean, washed and maintained. The operator works very willingly and willingly. What I would say is advertising promotions of products that seem unclear to me and the franchise could be working on it.



Unique attractive dress-code, clean environment for company background

2.6.7 Processes

The procedure begins with the ordering of the raw materials, followed by the takeover and inspection of the order, storage in the storage space. Storage is followed by expiration times, with some raw materials consumed by the end of the sales period. Other raw materials that are nearing expiration times are reserved and used to make discounted baguettes. Vegetables must be consumed during the day. Prior to starting the shift, the chef performs the preparation of raw materials both for breakfast and for preparing baguettes. The process of creating custom baguettes is the commencement of the order and is passed to the preparation where the order is processed and delivered to the customer. The cold baguette moves within 5 minutes. For warm baguettes, change to 7 for a maximum of 10 minutes. Payment of the order takes place immediately after placing the order. The EET system prolongs the contract administration time, so it was necessary to allocate a special worker at the peak.

Supply management is given by franchise and is supplied 3 times a week. Of this, there is a 3x refrigerated and two frozen feed, the product control system is systematic, every worker is trained, how he has to do, how much is to be given to the baguettes, how long the technical baking times and all the necessary requirements are. As the resulting baguette looks like it should be packed, this is all a sophisticated training system for new employees. Every month, three are made independent of the franchise. The first check is mystery shopping, when the secret inspector is testing the operator, the service is in the way it is. The second check is the weight control, and it is done by the secret controller purchasing the products and denying and evaluating the test results in the lab. And the third check deals with technology-internal issues, when many internal factors are checked

if they are okay, for example, cleanliness of the workplace, expiration times of food, inspection of equipment, etc.

Functioning and systematic operation system, sophisticated system of controls.

2.6.8 Summary of the Marketing mix



Picture 17: Summary of the Marketing mix (own scheme)

2.7 SWOT analysis

2.7.1 Strengths - Internal factors

- Progressive technology
- Healthy bouquet, salad menu and fit menu
- Sophisticated control system - flowing from franchise
- Location, including sitting
- Staff
- Fresh raw materials
- Wide and rewarded offer
- A competent manager
- Shared workers in shifts
- Exchanges within workers' shift
- Possibility to create a working schedule for individual workers (worker according to his / her requirements with the head of the shift)
- Price for ice tea
- Price for ice cream

2.7.2 Weaknesses - Internal Factors

- Limitations by franchise:
- The owner can not choose an alternative supplier because everything is strictly regulated by the franchise agreement
- Pricing is controlled by a franchise - it is not possible to move down with the price
- The franchise price
- Centrally managed marketing is totally inadequate and, in my opinion, is done inexorably.
- Price for ice drinks
- The price for the sepi hamburg
- Poor Marketing - Unclear Offer

2.7.3 Opportunities

- Utilization of the potential of fresh, Czech freshly prepared
- Extending the sale of a pancake (crepes)
- Make order receipt more efficient - order numbering
- Extending catering
- limits allowing franchises to improve marketnig
- Extension of the number of stores - preparation of a branch in Olympia
- Looking ahead after two years of space for further establishments
- Two-year train lock (transfer for Vaňkovka)
- Unsaturated market in Brno
- Come to school, work, entertain Brno.
- Take-away meals.
- Market growth (higher living standards, higher education, large young population aged under 15)

2.7.4 Threats

- Threat substitute - restaurant right in Vaňkovka, food at home
- Current Competition - McDonald, KFC, Šmak, Top Lunch, Cocos, Nordsee, Bok, Subway
- Entering another franchisee on the Brno market
- Termination of rent
- Increase in rental prices
- Problems connected with the acquisition of qualified and quality workforce
- Insufficient promotion
- No inexistence of your own quote
- Competitive market entry of new companies - concentration of competitors
- Inflation threat (food auction)
- Threat in legislation (increase in costs associated with traffic).
- Negative environmental impact (waste disposal - increase in cargo) promoting a healthy lifestyle.
- Low unemployment
- No logos

3 OWN RECOMMENDATIONS AND SOLUTION PROPOSAL

This part of the diploma thesis focuses on own proposals and recommendations for the analysed entrepreneurial subject. These suggestions and recommendations should help to improve the current situation. The suggestions are based on the analyses and their conclusions, which are summarized in the SWOT analysis.

At present, the owner of the company in Vaňkovka uses ST strategy as a corporate strategy and I recommend him to continue. He cannot affect the threats emerging from analyses - the only option is to tie the franchise - to limit the competition itself.

I will not consider the entrepreneur's overall entrepreneurial strategy because it is not the subject of my diploma thesis. My recommendations will concern the facility in Vaňkovka.

3.1 Improving operations

This proposal is intended to increase revenue. I propose three ways to streamline operations. It considers an extension of the delivery offer, the introduction of a number list in orders, and the opportunity to expand the range of goods by introducing the French Crepes.

Enhancement of indirect sales

Spreading out indirect sales by offering catering and BB-box.

The aim of this recommendation is to reduce the overheads of the product and thereby increase the profit. The BB-box allows: delivery of warm baguettes to customers. Boxing keeps the baguettes warm, which is an advantage; on the other hand, this form carries a relatively high business risk, namely that customers do not pay for the imported goods. Also delivery must be carried out by another company, so its quality can be difficult to control or influence by the owner. The use of the BB box will manage irregular and random orders, so although it is suitable for extra sales, so it cannot be considered optimal. In contrast, catering -, an invoice order, makes it possible to prepare for the event, both in terms of human and material resources. Even for this form you can use the BB box and

include warm baguettes in the menu. I recommend personal contacts and further e-mail distribution in order to reach to the customers.

It would also be appropriate to distribute leaflets specially for catering, but I consider this form to be the less suitable than two options already mentioned. Leaflet does not give an explanation of all options and a description of the flexibility and supply according to the order of the ordering party.

Possible discounts must be personally negotiated by the owner and the customer so that the franchise conditions are met.

Order numbers

From the observer's point of view, I recommend introducing an order system with a number list. When ordering and paying for the goods, the customer will receive the order number together with the bill. This way of selling has benefits for both the customer and the seller.

For the customer, it is an advantage that he / she does not have to stand any longer at the counter and wait until he / she gets his / her order but can sit and watch the order status on the large LCD panel. On the LCD panel, the customer sees his /her order number and status as to whether the food is still being prepared or is ready for dispatching. As a result, the customer can get up from a chair and take his order based on his receipt with the number.

For the enterprise, the preparation process and the ability to handle multiple orders are advantageous. This makes work more efficient and makes better use of human resources.

In order to implement this recommendation, it is necessary to implement a system of order code generation on a bill into the ordering software. The system instantly sends information to the kitchen to begin preparing and handling the order. The advantages for the kitchen are the clarity of the orders. Other necessary adjustments are the new LCD panels that will serve to inform the customer about the status of the order. For the price of the LCD panel, see [www.](#) [40]

The advantage of this solution is the fact that no-one else has such system in in Vankovka, at the same time, the customer will not be discouraged by a long queue, but only after paying will he learn how long he will wait. The advantage is that he is informed about the waiting time.

Introduction of pancake sales

The following suggestion is based on a marketing mix where I have revealed some space to address families with children. The offer of the analysed company, as well as the entire Vaňkovka, does not include hot sweet food. So this offer will be the first one. Additionally, its attractiveness lies in the choice of a filling and thus satisfies customers' requirements. For children, it is attractive to watch the preparation of the order. In addition, kids like pancakes.

The place for placing the pancake plate is in the left wing of the facility, it is big enough and is partly separated from the places where the baguettes are ordered. Which means that the pancake can be ordered at baguettes, just in front of the frying pan.

The costs of the pancake pan are according to www. [41] as follows. The price of pancakes sold is depends on the filling and ranges for 1pc from 29 CZK with jam to 49 CZK with fruit, nutella and ice cream.

The additional advantage is that the child's companion gets acquainted with the whole assortment offered and is very likely to also order something, whether a drink or a baguette.

3.2 Getting Exclusivity

A direct competition from the franchise can be a major threat can be. The franchise strategy is therefore offensive to any unsaturated market and Brno is a very hungry market. For example, Prague has 15 branches and there is the only one in Brno and another one is about to open at the end of holidays by Olympia.

I propose that the franchisee attempts to negotiate and possibly conclude a contract for a future contract for the entire Brno market.

Now after 2 years, the owner is expanding to the second largest shopping centre and it will have the effect after one year that the company will be known in Brno and people will get used to buying tasty baguettes from the company.

In the year after opening a branch office in Olympia, I would conduct a market research and look for another suitable location for further expansion in Brno.

3.3 Improvement of marketing

The current level of marketing performed by the franchisor is low and marketing is ineffective. See description of your own investigation.

I therefore suggest improving visual promotion, introducing a logo, introducing promotion on social networks.

Promotion on social networks

I suggest creating a new communication channel between the business and customers. Due to the fact that an enterprise cannot have its own website but has to use the core business as well as a company profile on Facebook, Instagram is an interesting strategy to reach the target audience.

The cost of setting up Facebook and Instagram sites is equal to zero and you can highlight the strengths of your business through these channels. It is important to maintain activities once the sites are set up and to add updates each day to maintain site tracking. To begin

with, I recommend that the site will be watched by the owner as they get to know the opinions of customers and can respond to them both on the professional side and to explain the reasons for the criticized situation, and these opinions can be a source of inspiration for him. In the next period, when the results of the communication will be evaluated and the opinions will start to repeat, another person can take over this activity. He / she can evaluate the successes and the failures of the offer, without conducting a survey. Although opinions on Facebook may be less relevant (very restless and very dissatisfied) though Facebook can also go with the product offer informing about events like the Chef menu.

Improving the promotion of the assortment at the location of the branch

I suggest the offer should be made more transparent, if the franchise does not allow it, then choose other means from which it would be obvious prepared for the menu, including a sufficiently recognizable photo (if there is a Facebook to inform about the event) Famous people must be promoted in advance, either in the form of a leaflet, or of a banner, for example, already in the access to the Vankovka, where the cars park, hould it not be possible to use a Brno radio station for promotion. For example, a vanilla baguette by Lucie Bila. In addition, it is necessary to emphasize the vegetarian menu and healthy food, as salads, fit menu and vegetarian dishes. Both menu and daily menu should be separated from the standard assortment. For this purpose, it is possible to use the sides of the facility and, in the case of permission of the franchise, the lower surfaces as well. The graphical offer must be large, ideally in red and just adding the chef menu, daily menu and vegetarians will be in green, the day will be in orange and chef will be in gold. Existing photographs can be used for promotion, but especially for vegetarian dishes. Pancakes must be offered specially near the pan, including the fillings.

There is no mention in the promotion of the company that the baguettes are prepared from fresh ingredients, Czech ingredients, offered by the Czech company according to French recipes and exquisite chef menu according to French recipes.

The company is totally lacking a logo that would in some way inform the customers about the facts. The above facts represent a considerable amount of competitive advantages - the tradition of French cuisine from Czech ingredients.

Equally, the potential of warming baguettes on the lava stone, which would be attractive to strangers if it was possible to move it closer to the counter, is not used.

Conclusion

Carrying these recommendations out remained unfinished due to the unknown conditions of the franchise or the possibility of the owner to modify these existing conditions and implement the submitted proposals.

A new logo design

For simplified advertising, which could be used on the packaging or directly in the shop, I have designed a logo of the Czech company, a Czech product from fresh ingredients such as this.



Picture 18: Proposed new logo ()

CONCLUSION

The topic of this work was the analysis of the chosen business subject by selected methods. The aim of the thesis was Selected methods of economic and strategic analysis to reffle the specificities of the company and its business. Develop analysis. In order to meet this goal, I had to get acquainted with the analytical methods of SLEPTE, Porter, Marketing Mix 7P, Kralicek Quick Test and SWOT analysis. As a subject of analyzes, I chose a fast food business for the following reasons. The fast food industry is constantly developing in the context of lifestyle change and its potential is growing. Besides, I have experience with this area of business not only as a customer but also as an employee because I worked as a brigadier at McDonalds, KFC, Subway and Bella Italiana. For analysis, I chose XXX, whose operator kindly provided me with the necessary information. The prerequisite for the work was to get acquainted with the selected company, where I became acquainted with the problems of fast food service as well as with the specifics of the analyzed company, and on the spot I conducted a number of individual surveys and leaded interviews with the company operator. I have gained a lot of information that has become the basis for analyzing work. I elaborated the analyzes so that for each analysis I made a brief summary of its influence on the subject of the business. These conclusions, together with the results of a local survey and an interview with the operator, have become the basis for compiling SWOT analysis where the current strategy of the company is offensive and expansionary. With regard to the goals of the operator, I recommended strengthening by strengthening the strengths and reducing the weaknesses of the business. Based on the results of the analyzes and the strategy chosen, I formulated a number of recommendations, namely improving marketing, streamlining operations, gaining exclusivity, and thus achieving the goal.

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